

INSURANCE LAW SECTION

State Bar of Texas

**Policies and
Procedures
Manual**

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Introduction

The Insurance Law Section (the “Section”) was created in 1998 as an official, sanctioned section of the State Bar of Texas (“State Bar”). It was not an easy process and many people worked tirelessly to obtain approval from the State Bar for an Insurance Law Section. Since that time the Section has grown rapidly, currently consisting of approximately 2000 members. Membership is open to all members of the State Bar. The Section’s stated mission is “Promoting collegiality and educating the bench, bar, and public about Texas insurance law.”¹

The Section is governed by a Council elected from and by the Section membership. Section officers are elected from and by the Council. The Council hired its first Executive Director in 2002 to assist the Council in administering the day to day activities of the Section.

In addition to maintaining overall diversity of geography, law firm size, gender, age, race, and other traditional diversity considerations, the Section strives to maintain a balance between competing interests of insurance lawyers. In the words of the Section’s original Chair, Ernest Martin, Jr.:

In large part, the Insurance Law Section was formed to fill two perceived needs of the State Bar membership: (i) a section that would comprehensively address many of the substantive areas of Texas insurance law, and (ii) a section whose goal would be to have a bi-partisan focus, balancing the interests of both policyholder lawyers and insurance company lawyers.²

Members of the Insurance Law Section receive many tangible membership benefits. These benefits include: registration discounts to CLE programs, access to “Members Only” side of the Section’s website where the Section’s Membership Directory, this Manual, past papers, and other educational resources are housed. Members also receive the *Journal of Texas Insurance Law*, which was first published in the Winter of 1998–1999 and now published at least three (3) times a year, and weekly “Right Off The Press” emails transmitting recent insurance law court decisions, case summaries, and other section news.

The Section strives to provide Members with quality continuing legal education (CLE) and a forum to network at our CLE events. The Section is devoted to helping our Members stay abreast of the latest legal developments affecting insurance law.

¹ The Section Council adopted this mission statement on September 20, 2019.

² “Comments from the Chair” published in *The Journal of Texas Insurance Law* (Winter 1999)

Purpose of This Manual

This Manual is intended primarily to assist the Section Council and Executive Director in the administration of the Section. It is not intended to cover every situation or to be mechanically applied without reference to the specific facts involved. This Manual is intended to act as a basis and reference for the Section and its Council to operate.

The Section has developed a variety of policies and procedures. The starting—and often ending—point is the Bylaws. A copy of the Bylaws is included as **Appendix A**.

Throughout the years, however, the Council has made a number of decisions that are relevant and helpful to the structure and on-going management of the Section. These decisions invariably and sometimes become lost in meeting minutes or in the knowledge base of past Council Members and Officers who might not be available to respond to questions requiring immediate attention. This Manual has been developed to provide Section Officers, Council Members, and the Section's Executive Director with a basic roadmap of the Section's policies and procedures.

It is intended that, as further decisions are made or more information becomes available, those experiences will be incorporated by change or refinement to this Policies and Procedures Manual by the Executive Director and/or the Policies & Procedures Committee, after each meeting of the Council in which such changes are approved.

I. COUNCIL, OFFICERS AND EXECUTIVE DIRECTOR

A. COUNCIL

1. **General.** The governing body for the Section is the Council.³ The Council generally supervises and controls the affairs of this Section, subject to the provisions of the Rules and Policy Manual of the State Bar of Texas (“State Bar”) and the Bylaws of this Section.

2. **Council Composition.** As provided by the Bylaws, the Section’s voting Council consists of twenty (20) members—fourteen (14) Council Members elected from and by the Section membership, and six (6) Officers elected from and by the Council. The 14 Council Members serve two-year terms, with a limit of three consecutive terms. Although a rare occurrence, a person appointed to finish out a term of another Council Member would be able to serve three (3) consecutive two (2)-year terms beyond the initial appointment. As a matter of tradition, the terms of the 14 Council Members are staggered—seven (7) positions are elected annually—to promote continuity as well as a desire to have fresh faces on the Council.

As further provided by the Bylaws, non-voting members of the Council include ex officio representatives of the State Bar, Past Chairs, and up to three (3) Judicial Liaisons.

B. OFFICERS

The Section officers (the “Officers”) are the Chair, Chair-Elect, Treasurer, Secretary (collectively “general Officers”), along with a Publications Editor, and Technology Officer.

General Officers serve one-year terms and are elected annually from and by the Council. The Bylaws specify that the Chair serves a single one-year term, then automatically becomes the immediate Past Chair for the following year with the duties and responsibilities of that position. After serving a one-year term the Chair-Elect automatically becomes Chair. The Bylaws do not restrict persons serving in positions of Secretary or Treasurer to a single one-year term, but historically the Council has elected its general Officers on a succession ladder—in the order of Treasurer, Secretary, Chair-Elect, and Chair—which effectively limits all positions to single one-year terms. Past Chairs in good standing remain ex-officio, non-voting members of the Council and many remain actively involved in Section matters. A list of Section Past Chairs is included as **Appendix B**.

³ The term “Council” can be somewhat confusing insofar as in different contexts it may refer variously to: (i) a broad body including non-voting ex-officio members such as past chairs, State Bar representatives, and judicial liaisons; (ii) or “Council” may refer to the voting members consisting of both Officers and the 14 elected Council members as such; (iii) or “Council” may mean the 14 elected Council members in distinction from the elected Officers. The Bylaws and this Guide attempt to maintain clarity among these various meanings. But where in this Guide, as here, the governance or work of the Council is concerned, the term typically means the combination of Officers and 14 elected members entitled to vote on proposals as the current representatives of the Section.

Because the Publication and Technology Officers have positions requiring major time investments and skills that must be learned, those two positions serve a two (2) year term for up to three (3) consecutive terms.

The Officers have the power and authority as may be necessary to continue the business of the Section consistent with the budget approved by the Council and the Section Bylaws. Duties of the Officers are detailed in the Bylaws, some of which from time to time may be delegated to the Executive Director.

C. SELECTION OF COUNCIL MEMBERS AND OFFICERS

The Nominations Committee makes and reports Council Member nominations and recommends a slate of Officers to the Council. Historically, the selection of nominees for Council Members and Officers has tried to strike a balance between policyholder lawyers and insurance company lawyers. The selection of nominees for both Council Members and Officers should promote diversity—including, but not limited to, gender, ethnicity, age, type of practice, geographic residence, and size of law firm.

1. Selection Procedure. The Nominations Committee is responsible for identifying and nominating candidates for Council Member and Officer positions. However, nominations for Council Member or Officer positions may come from the Council itself for Officers and from the Section at large for Council Members. The Nominations Committee should affirmatively solicit candidates for new Council Members from a broad cross section of the Section membership via announcements in the Section’s *Journal of Texas Insurance Law*, the Section’s website, emails, or otherwise. No person will be considered for Council selection as a Council Member (excluding Officers) unless the person timely submits an application provided by the Nominations Committee. A copy of the application form currently in use is attached as **Appendix F**.

2. Factors to Consider for Council Member Nominations. In making and evaluating applications or nominations for the Council, the Nominations Committee and the Council should consider (but are not bound by) the following nonexclusive factors:

(a) Baseline Considerations:

- (i) A minimum of five years law practice experience;
- (ii) A minimum of two years membership in the Section;
- (iii) Devotion of at least 30% of law practice to insurance matters or else a demonstrated significant commitment to the practice area; and
- (iv) Commitment to attend all Council Meetings in person or by telephone.

(b) Other Considerations:

- (i) Demonstrated willingness to make meaningful time commitments in similar contexts;

(ii) Actual Participation, leadership, and demonstrated skills in connection with similar activities, including contributions to the Section. Consideration may also be given to the applicant/nominee having demonstrated interest and commitment by applying for membership or leadership positions in the past;

(iii) Any contribution of the applicant/nominee to the diversity of the Council and Section, including but not limited to practice area (policyholder vs. insurer), geography, law firm size, gender, age, race, and other traditional diversity considerations;

(iv) It is preferred that no more than one person from a particular law firm or organization be on the Council at any one time.

3. Factors to Consider for Officer Nominations.

In the normal course and in accordance with the Bylaws, the Nominations Committee will recommend to the Council a candidate for Treasurer drawn from current Council members (including from the current serving Publications or Technology officer positions) who have served at least one complete term on the Council before being nominated. Absent contrary cause the Nominations Committee typically also will recommend that the current Treasurer succeed to the Secretary position and that the current Secretary succeed to the Chair-Elect position. The Nominations Committee may also from time to time recommend candidates from the current Council to serve as Publications and Technology Officer(s), and to renew or recommend non-voting Judicial Liaisons.

Candidates for Officer positions must meet at minimum the same criteria as for Council members, per above. Factors of diversity should play a significant role, especially to ensure that the Officer cadre in general and Chair in particular does not become unbalanced with regard to these factors across several successive years.

(a) Considerations for Treasurer position:

In making the recommendation for Treasurer, the Nominations Committee should take into account that in normal course the selectee will proceed through the successive general Officer positions to become Chair of the Section. Insofar as the Chair is the face of the Section to the public, and is the face of the Council to the Section membership, the high standards and criteria for serving as Chair also should apply for nomination of a Treasurer.

In particular, the character and characteristics of the person in the position as Chair— and therefore the person recommended as Treasurer—should further the primary purposes that prompted the formation of the Section and are reflected in the Section’s mission statement: Promoting collegiality and educating the bench, bar, and public about Texas insurance law.

Among the principal but non-exclusive factors the Nominations Committee should consider (but are not bound by) in a candidate for Treasurer are the following, in no particular order:

(i) Demonstrated dedication and longstanding service to the Bar and the Section in terms of effort and time devoted to Section projects to achieve the Section's goals as set out by the Council;

(ii) Demonstrated leadership capability in positions of responsibility, especially in leadership roles for committee work, including ability to delegate tasks and coordinate with other Council and Section members and third-parties, to accomplish or exceed project goals;

(iii) Demonstrated ability to work effectively and in an impartial bi-partisan manner (vis-à-vis policyholder and insurer sides) with a diverse range of personalities, and across a variety of Council activities;

(iv) Demonstrated communications capabilities, both within the Council framework and with respect to the larger Section and the public;

(v) Demonstrated interest in and activity with educational outreach through seminar presentations, publications, webinars, and the like, preferably including experience as a director or editor;

(vi) Demonstrated character, professionalism, achievement and recognition from peers within the practice of insurance law.

(b) Considerations for Publications and Technology positions:

The Publications and Technology positions are among the most important for meeting and maintaining the core purposes of the Council in service to the Section. The Publications Officer oversees, delegates, and directs all the major electronic and tangible publications issued by or to the Section, with primary responsibility as Publisher/Editor-in-Chief of the Section's Journal of Texas Insurance Law. The Technology Officer is responsible for developing and maintaining the Section website, including gathering and updating relevant content, with a goal to retain and increase Section membership, promote Section events, and to provide an accessible platform for member benefits, including publications, case updates, CLE and webinar materials.

In contrast to the general Officer positions, the Publications and Technology positions serve for a two-year term for up to three consecutive terms. So it is anticipated that the Nominations Committee will need to focus on candidates for these positions only infrequently, and typically not on an annual basis as for the Treasurer position.

Because these positions require substantive and procedural knowledge, and because the Journal and Website are so critical to the core mission of the Section, candidates for these roles ordinarily should be qualified though prior involvement with these functions in an assistant or apprentice capacity or otherwise. Candidates should be committed to filling these roles for a significant period. Neither the Nominations Committee nor the candidate ordinarily should treat these positions simply as a place to "park" Council members whose terms otherwise would expire, until they can be inserted into the general Officer ladder of succession. On the other hand, individuals serving in the Publications and Technology positions gain significant experience in

areas critical for the Section’s mission, and consequently they often are among the most qualified Council members for consideration as candidates for the laddered Treasurer position.

Some or all of the criteria pertinent to candidates for Treasurer / Chair likewise are applicable to the Publications and Technology positions, albeit a candidate’s demonstrated interest, capability and experience in the specific work of these positions is of particular importance.

D. EXECUTIVE DIRECTOR

The Executive Director shall provide administrative support and recommendations to the Section Officers, Council Members and the Section Members. Services of the Executive Director typically include administrative assistance at Section Council Meetings, coordination and preparation of financial information for the Treasurer’s use in transmitting to the State Bar, communication and working with the State Bar, membership recruitment, retention, and communication, including internet, website, emails, and printed materials to members and non-members and media issues as directed by the Council. The Executive Director’s duties shall include:

1. Basic Services

(a) **Section Council Meetings**: The Executive Director shall provide vital support for Council and other meetings and coordination of various committee meetings. The Executive Director shall:

(i) reserve facilities for all Council Meetings and Council Members and provide timely notice of meetings to the Members of the Section and the State Bar;

(ii) coordinate with the Section Chair to set agenda and prepare informational materials for discussion at all Council Meetings and transmit packets of approved agenda with informational materials to Council Members at least fourteen (14) days in advance of Council Meetings;

(iii) provide newly elected Council Members with new member packet and assist the Section Chair with scheduling and conducting the new Council Members orientation meeting;

(iv) attend Council Meetings and participate in discussions as needed; and

(v) coordinate the work with Section committees to ensure projects and time sensitive matters are completed in a timely fashion.

(b) **Section Financials**. With the advice and consent of the Section Treasurer, the Executive Director shall provide coordination of the Section’s financial accounts and accounting. In particular, the Executive Director shall:

(i) receive and reconcile Section bank statements;

- (ii) process checks drawn on Section accounts for the Treasurer's signature;
- (iii) educate and provide guidance to the Treasurer regarding the Section's financial history, expenditures, and income;
- (iv) obtain signature cards each year for bank account;
- (v) with advice from the Treasurer, prepare as required and/or necessary monthly financial report and transmit same to the State Bar (with copies to the Treasurer);
- (vi) prepare draft yearly budgets as requested by the Chair Elect; and
- (vii) prepare financial reports for each Council Meeting with input from and to the Treasurer.

(c) **Member Recruitment, Retention and Communications.** The Executive Director shall collect, compile, and maintain membership information and support all reasonable methods including the information-gathering processes to retain existing Section Members and expand Section membership through communication efforts. The Executive Director shall:

- (i) develop a member recruitment/retention strategies which include ideas and planning for maintenance of current membership and expanding Section membership;
- (ii) track non-renewing members from year to year and prepare correspondence to non-renewing members to rejoin the Section;
- (iii) maintain the Section database of current members, specifically including current e-mail addresses and mailing information and obtaining updates where necessary;
- (iv) prepare new member packets for new Section Members and "thank you for rejoining the Section" letters;
- (v) prepare correspondence for the Section Chair to Section Members as needed and/or requested using our internal database of information; and
- (vi) prepare and send electronic communications to Section Members as requested and/or approved by the Section Chair.

(d) **Communications.** The Executive Director shall provide specific guidance and recommendations to the Council and Officers to be technologically current and progressive in providing relevant information to the existing legal market with the assistance of the Technology Officer. These efforts shall include assistance and maintenance of a Website, publication of the *Journal of Texas Insurance Law*, communications for various seminars sponsored by the Section and other methods of communication. The Executive Director shall:

(i) **Website**

- 1) assist in developing content and monitoring website, including working with the webmaster for the Section to create online directory, upload articles, minutes, CLE materials, etc.;
- 2) coordinate and assist the Technology Officer, to ensure that the Section website is functioning at the appropriate level; and
- 3) timely respond to Section Member inquiries from website.

(ii) **Journal**

- 1) coordinate with the Publications Editor to ensure timely publication, production and mailing of the *Journal of Texas Insurance Law*; and
- 2) prepare the mailing list and send electronic list and postage to mail house.

(iii) **Miscellaneous**

- 1) order and maintain new stationary for the Section after elections for new Officers at Annual Meeting;
- 2) maintain current version of the Section Bylaws and assist in drafting suggested Bylaw changes; and
- 3) notify Section Members of Bylaw changes as required by the Section Bylaws.

2. Executive Director Compensation. The Executive Director is compensated by the Section for Basic Services. Payments to the Executive Director shall be made within thirty (30) days of receipt of an invoice. Invoices shall include the monthly charge for Basic Services provided during the preceding thirty (30) day period; (2) reimbursable expenses (copying charges, postage, etc.); and (3) charges for assistance with any Special Projects. All invoices shall be sent to the Chair and Treasurer for review and for payment.

(a) Executive Director Basic Services. The Executive Director shall perform Basic Services at the monthly rate established in the attached Schedule of Compensation (**Appendix C**). Services to be provided as Basic Services and related compensation for those services shall be subject to renegotiation each year.

(b) Special Projects. As specifically requested, the Council may call upon the Executive Director for additional assistance for special projects, including collaboration and financial commitment and remuneration on CLE programming, not included in Basic Services. Upon request by the Council that the Executive Director provide special project assistance, the Executive Director and Council will agree to a reasonable fee for such assistance. Special

project compensation shall be separate and be payable in addition to the monthly invoice upon approval of said fees by the Council.

3. Annual Review. The Officers of the Council may meet once a year with the Executive Director for performance evaluation at the request of either party.

4. Reporting to State Bar of Texas. The Executive Director shall prepare all reports to the State Bar relating to the Section, including but not limited to, reports to governing committees, reservation forms and reports for the State Bar Annual Meeting. In addition, the Executive Director will coordinate with the Chair Elect the preparation of the initial draft of the annual Section budget and all annual and mid-year reports. The Executive Director in coordination with the Treasurer will also prepare the monthly financial reports as required by the State Bar.

II. COUNCIL OPERATIONS

A. COUNCIL MEETINGS

The Council meets annually and in special meetings periodically as determined by the Chair and/or the Council pursuant to the Bylaws, to plan and implement the business of the Section.

1. Attendance Requirement. Council Members are expected to attend all Council Meetings as required by the Bylaws. Attendance is essential to carry out the Section's mission and business. Attendance requirements are strictly enforced. The Chair may excuse an absence for actual emergencies or when notified in advance of a Council meeting for good cause. An excused absence is within the sole discretion of the Chair.

2. Removal from Office. Pursuant to the Section Bylaws, if within a twelve-month period (not calendar year), any Council Member fails personally or telephonically to attend three Council Meetings, none of which are excused, the position held by such Council Member shall be automatically vacated, and the Council shall fill the vacancy for the unexpired term in accordance with Bylaws.

B. EXPENSE REIMBURSEMENTS

The Section may reimburse reasonable requests of Officers, Council Members, Judicial Liaisons, Speakers, immediate Past Chair, other past Chairs and past Council Members when specifically invited by the current Chair, or certain others at the Chair's discretion, for travel, lodging, or other expenses related to Section business, as provided below. The Section's reimbursement policies and authorized amounts may change from time to time as determined by the Council in conjunction with the Executive Director. The current Travel Reimbursement Policy and expense reimbursement submission form is attached in **Appendix D**, with standard items for reimbursement recited below.

1. Officers/Council Members.

(a) **Travel/Rental Car.** Driving costs shall be reimbursed at the rate provided for mileage reimbursements by the State Bar. Council Members may be reimbursed for reasonable round-trip airfare expenses incurred while traveling to/from Council Meetings not to exceed \$450.00 per round trip fare. Rental car reimbursements shall not exceed two (2) days at no more than \$100.00 per day. Reasonable taxi fare to and from Council Meetings may be reimbursed. Any amounts above these amounts may be approved by the Chair or the Treasurer in their discretion.

(b) **Lodging/Per Diem.** Council Members will be reimbursed reasonable lodging expenses in connection with attendance at Council meetings.

(c) **Meals.** Council Members will be reimbursed reasonable meal expenses not to exceed \$80.00 per day.

(d) **Reimbursement Requests.** Any reimbursement request shall be submitted for reimbursement on the approved reimbursement request form within 45 days of attendance at the function, conference or meeting. Any reimbursement requested thereafter will be accepted only at the discretion of the Chair or the Treasurer. An expense reimbursement form is included as **Appendix D**. Payment of reimbursement requests shall be made within 30 days of receipt of a properly completed and documented as necessary expense reimbursement form.

2. Speakers. Speaker expenses for any conference or seminar will be reimbursed according to the requirements and/or rules for the conference seminar sponsor. For events solely sponsored by the Section, speakers will be reimbursed on the same basis as Officers/Council Members above, except that out-of-state speakers will be reimbursed for lowest available air fare and are not subject to the \$450.00 per day limit.

3. Others. At the discretion of the Chair, other individuals may be reimbursed for travel expenses related to Section business. Ordinarily, those individuals incur the travel expense as a result of appointment to committee work or other project undertaken at the request of the Chair or Council. In these limited instances, the same policies for reimbursement apply unless the Chair and Treasurer both agree otherwise in consultation with the Executive Director.

C. COUNCIL ORIENTATION FOR NEW MEMBERS

The Executive Director shall provide newly elected Council Members with a new member packet, including copies of the Section Bylaws, this Manual, the expense reimbursement form, and any other relevant information that may assist new members with understanding Council operations. At the first Council Meeting (either in-person or by telephone) following the election of new Council Members and Officers, the Chair, with the assistance of the Executive Director, shall conduct a Council orientation to discuss Council operations and priorities for the coming year.

III. COMMITTEES

The Section Bylaws provide for a standing Nominations Committee. From time to time, the Council and/or Chair may create ad hoc Committees as needed. Historically, ad hoc committees have included Membership, Bylaws, CLE, Website, Legends Award, Sponsorships, and Policies & Procedures. Where applicable and practical, ad hoc Committees should include members outside the Council. Doing so provides broad Section participation and allows for mentoring and training of Committee members as future Council Members.

With respect to the Section's involvement as Co-sponsor of any seminar pursuant to contract with the University of Texas School of Law, Continuing Legal Education Department, the appointment of Chair/Co-Chair for that seminar is delegated to the Section's CLE Committee. In ordinary course, the Chair will serve for a single year and will be succeeded by the Co-Chair in the subsequent year, with the Section then appointing the next Co-Chair. As per that contract, the Chair and Co-Chair will appoint members of the planning committee for that seminar. It is not a requirement that the Chair, Co-Chair or any member of the planning committee be a member of the Section.

In conjunction with attendance requirements, Committee participation and work is the mainstay and life blood of the Council and Section. This is where the Section's mission statement is put into practice and where and how the Section's business is carried out. The Section and Council depend on Committee work and the efforts of each Committee's members. Simply said, attendance is not enough. A Committee member must meaningfully contribute and a Council Member or Section Member who seeks appointment or reappointment will be evaluated on contributions or efforts regarding Committee work.

IV. FINANCIAL MANAGEMENT

A. BUDGET

1. Section council shall adopt a budget each fiscal year that provides detailed projected expenditures and revenue. This budget may be amended, if necessary.

- a. The Chair Elect, in consultation with the current officers, shall draft the next year's proposed budget by the June meeting. The Chair Elect may request an initial working draft of the budget from the Executive Director.
- b. The section council shall review and adopt the budget during its June meeting.
- c. If a significant deviation from a budget occurs, as defined by a variance in excess of \$5,000, an explanation should be presented to the full council. A variance in excess of \$20,000 will require the council to adopt an amended budget.

2. The section will submit the adopted budget to the State Bar by July 15 of the fiscal year.

B. DEFINING ROLES AND PROCEDURES

1. Bookkeeping services, approval duties and second approval duties for sections' financial records will be separated into distinctly defined roles:

- a. the 'Executive Director' who is a provider of bookkeeping services as described below.
- b. the 'Treasurer', who is authorized to supervise and review bookkeeping services and authorize and/or approve deposits and expenditures.
- c. the person designated as an additional approver for expenditures over a designated amount or for payments issued to the treasurer.

2. The person who performs the section's bookkeeping and reconciliation must not be the same person responsible for approving expenditures.

C. EXECUTIVE DIRECTOR DUTIES

1. The Executive Director will perform the following duties:

- a. Issue checks and invoices to be approved and signed by an authorized signor.
- b. Ensure invoices are paid within two weeks of receiving the invoice.
- c. Obtain approval on all payments as established in these policies.
- d. Deposit revenue within three business days of receipt.
- e. Keep accounting books according to Generally Accepted Accounting Standards. Revenues should be recognized when earned and expenses should be recognized when a liability is incurred.
- f. Reconcile bank and investment accounts by the end of the month following the reporting month.
- g. Prepare financial reports by the end of the month following the reporting month.
- h. Retain all documentation, such as invoices, approvals, reports, etc. according to the records retention policy.
- i. Calculate and pay sales tax.
- j. Collect W-9 forms for all contracted services.
- k. Provide State Bar with financial reports in a timely manner.

- l. Provide section chair and treasurer with financial reports in a timely manner.
- m. Protect the confidentiality of and access to section financial information.
- n. Provide financial information or complete other duties as required.
- o. Communicate yearly with State Bar auditors.
- p. Provide explanation on budget-to-actual variances.

2. The provider of bookkeeping services responsible for the duties described in this section will be the section contracted Executive Director.

D. TREASURER DUTIES

The treasurer reviews and monitors finances through the following activities and/or meets the following criteria:

1. The treasurer (and primary approver of section payments) must be a member of the council with a fiduciary duty to the section.

2. When an additional approval is required for any transaction, that secondary approver or signor will be the chair or such other officer as approved by the chair to make the decision.

3. The process of approving payment must comply with one of the controls listed below:

a. All invoices are approved in advance of payment by the treasurer or chair through check signature, email approval, or approval during council or officer meetings and documented in the minutes of such meeting. Documentation of approval is retained.

b. All invoices are approved after preparation of the books through review of detailed transactions by the treasurer or chair. Documentation of approval is retained.

c. For debit or credit card charges linked to the Section, receipts for charges should be provided and reviewed by the treasurer or chair, whichever was not the cardholder responsible for the charge. Documentation of approval is retained.

4. All payments over \$2,500 require additional approval in advance of payment by both the treasurer and chair. Documentation of approval is retained.

5. All reimbursement requests or invoices made by a check signor require an additional approval by the other check signor, by second signature, email approval, or approval

during council or officer meetings and documented in the minutes of such meeting. Documentation of approval is retained.

E. BANK ACCOUNTS AND CHECK WRITING

1. At least two individuals are required signors on the bank account at all times. The authorized signors on the checking, savings, or investment accounts are the current Section Treasurer, Chair, and such SBOT persons as the Treasurer and Chair shall approve. If the section Executive Director is a check signor, there must be an additional approval of the expenditure by another authorized signor by email, additional signature, or approval during council or officer meetings and documented in the minutes of such meeting. Documentation of the additional approval is retained.

2. Checkbooks should be physically secured at all times. Checks should be written in sequential order and a record retained of all checks written or voided. Checks should be dated at the time the check was written and should be recorded on the same date. No post or pre-dated checks are allowed.

3. Blank checks or checks made out to “cash” are prohibited. A second approval is required for all checks over \$2,500, by second signature, email approval, or approval during council or officer meetings and documented in the minutes of such meeting.

F. PAYMENT OF EXPENSES AND INVOICES

1. A detailed invoice and/or contract is required for any payment. Money should not be paid to any person or company without appropriate and detailed back-up and/or documentation. An invoice should contain the following information:

- a. Vendor name and address
- b. Itemized description of the goods or services provided
- c. Total amount billed
- d. Period of time for which the services will be/were rendered
- e. Terms of payment for late fees or discounts for early payment (if applicable)
- f. Due date
- g. Invoice number and date
- h. Itemized fees

2. Vendors shall not be paid in advance of full completion of the contracted services with the exception of reasonable advance deposits, payments for subscription services, insurance, rent, software licenses, etc.

3. Any payment should meet the following criteria:

- a. The expenses are reasonable and necessary.
- b. The expenses have been budgeted.
- c. The goods and services have been received (subject to section 2 above).
- d. Contracted terms have been met.

4. Reimbursement requests should contain the following information:
 - a. Completed reimbursement request form, signed by requestor. (An electronic signature is acceptable).
 - b. Itemized receipts and invoices.
 - c. A second approval, if the requestor is an authorized signor on the bank account.
 - d. Explanation for any lost receipts or requests that do not have back-up documentation.

G. DEPOSITS

All money or checks received by the section should be deposited within three business days of receipt. Immediately upon receipt, the Executive Director should stamp the check “for deposit only” and the bank account number of the section. Associated invoices or other supporting documents demonstrating the reason the deposit was collected should be attached to the check/deposit slip and retained for audit purposes and/or customer inquiries.

H. CONFIDENTIAL DATA

All confidential data must be protected.

1. Credit card numbers should not be transmitted through email.
2. All confidential information should be redacted, or stored in a protected manner.
3. Access to bank accounts, credit card processing accounts, and financial records should be limited to the council and essential users only.
4. Care is required in the destruction of credit card and other sensitive information to ensure that the information cannot be copied or duplicated.
5. Automated controls will be established with any credit card processor so that refunds may only be made to the credit card originally charged, and the refund cannot exceed the original payment.

I. FINANCIAL REPORTS AND RECONCILIATIONS

1. Checks and deposits must be reconciled in the section’s bookkeeping system within 30 days but no more than 60 days. The reconciliation should also note all outstanding deposits and checks. All checks or deposits that are outstanding for longer than three months should be reviewed for resolution. Voided and/or reissued checks should also be reported to the State Bar’s section accountant in the regular monthly documentation.

2. The Treasurer should use monthly budgets, financial statements, and historical financial records to investigate significant variances, whether positive or negative. Inquiry should be made on projects with excessive costs.

3. Financial statements, bank reconciliations, bookkeeping ledgers, and bank statements that include check images will be provided to the State Bar within 30 days but no more than 60 days. Financial statements should contain:

- a. an income statement that compares current year to prior year, and compares current year to the approved budget;
- b. a balance sheet;
- c. a bank reconciliation for each bank or investment account (including outstanding checks);
- d. a bank and investment statement which includes check images; and
- e. the bookkeeping ledger.

4. Financial statements should be provided by the council on a quarterly basis. The financial statements should include an income statement that compares current year to prior year, and compares current year to the approved budget and a balance sheet. The inclusion of a bank reconciliation and bank and investment statement in the financial report is recommended but not required.

J. FUND BALANCES

1. A minimum fund balance for the section is defined as one year of budgeted operating expenditures. The section council will evaluate an investment strategy when the section fund balance exceeds \$150,000. Any investment policy strategy will protect the section's principle while producing the best yield for the section in accordance with the Public Funds Investment Act.

2. The section will carry a reserve of approximately two years of operating expenditures, or \$160,000 based on the 2019-2020 budget year and adjusted on an annual basis.

3. If the section determines the need to reduce its reserve, the negative spending shall be budgeted to specific projects within the section's budget and shall not reduce the corpus by more than 10% per year.

K. Reimbursement Policy

The section has developed a reimbursement policy which is attached to this financial policy.

L. Continuity

The Treasurer shall compile a Critical Information sheet at the beginning of the Treasurer's term and update it as necessary throughout the year, to include such information as is necessary for the continuing operation of the Section. Such Critical Information sheet shall not be shared electronically; a hard copy only of the Critical Information sheet shall be delivered in person to the Officers and Executive Director at a Council or Officers Meeting or at any other reasonable time. Such Critical Information shall be kept in confidence and shall include, but not be limited to, the Section's bank and credit card accounts (account numbers, bank name(s) and address(es) and phone numbers, listed signatories, online user name(s) and password(s)); website and

domain hosting and access information (vendor contact information, website access instructions, credentials, account names, and passwords); key vendor information; and such other information deemed to be critical to the continuing operation of the Section including emergency information in the event of a data breach.

V. SCHOLARSHIPS & AWARDS

A. LAW SCHOOL INSURANCE STUDENTS

The Insurance Law Section has historically awarded one scholarship to an insurance law student at SMU's Dedman School of Law, named after Ben Love, a former outstanding Section and Council Member who died of cancer in 2004. The Council also provided initial funding for scholarships to an insurance law student at The University of Houston School of Law and at the University of Texas at Austin School of Law, but makes no ongoing financial contribution and has no continuing role in administering those awards. The UH award is named for distinguished alumnus and former Council Member and Chair of the Section, Russell H. ("Rusty") Mc Mains; the UT award is named for distinguished alumnus and adjunct faculty member and former Council Member, Mark L. Kincaid.

The Insurance Law Section shall strive to award scholarships to one or more deserving second or third-year law students in each of the Texas-based law schools, who have completed an insurance law course at their law schools, including the Ben Love award. The procedure and criteria for determining the scholarship recipient(s) are as follows:⁴

1. The candidate must have completed and passed the insurance law course by the end of the semester of the applicant's third year of law school.
2. The professor of the insurance law course will nominate three deserving candidates from the course based upon the candidates' participation in the course, class grade, and interest in pursuing an insurance-related practice.
3. The three candidates will be considered by a committee of three Council members of the State Bar of Texas Insurance Law Section appointed annually by the Chair of the Section. The committee will consider each candidate's need, and general standing in the law school, along with the initial nomination criteria, in making its final recommendation.
4. The committee's recommendation will then be presented to the Section's Council for vote and approval.
5. In years in which the course is not taught at or when no qualifying candidate is considered, or in the Council's discretion, no scholarship will be awarded.
6. The amount of the scholarship awarded to the candidate(s) approved by the Council is within the Council's discretion. In addition to the monetary award, the recipient(s) typically is also provided with reimbursed travel expenses and subsidized or free attendance at the Section's annual CLE seminar to receive the award.

⁴ Compiled largely from description in the Section's publication upon initiation of the award, 5 Journal of Texas Insurance Law No. 3 (Dec 2004).

B. LEGENDS AWARD

The Section from time to time presents the Russell H. McMains Legends of Texas Insurance Law Award to recognize a senior Texas insurance lawyer who represents the highest levels of accomplishment, competence, professionalism, and ethics in the practice of insurance law, and who inspires others to do likewise. As the award is not given every year and is discretionary, the committee shall make its recommendations conservatively, and the recommendation shall address the various factors set out herein.

It is not required that the award be given each year, and the Section has used various methods over the years to determine whether to give the award and how to determine its recipient. In recent years, the Chair has appointed a Legends Award Committee that is responsible for making recommendations to be considered and approved or rejected by the Council. If the Council decides that an award should be given and decides on an appropriate recipient, the Committee is also usually tasked with arranging for its presentation, which usually occurs at one of the annual Insurance Law CLE seminars sponsored by the Section.

The award is named for the late Russell H. (“Rusty”) McMains, who was a Chair of the Section and one of its founders, and who epitomized the type of practitioner the award is designed to honor.⁵ Included as **Appendix E** is a list of past recipients of the award.

VI. MISCELLANEOUS PROVISIONS

A. CONFIDENTIALITY/DISCLOSURE

The work of the Section, the Council, and matters related thereto are not confidential and are subject to disclosure consistent with State Bar rules and regulations. As a practical matter, the Section is an open book.

Sometimes the Council expects and insists confidentiality be honored and maintained. For example, if the Counsel/Section is negotiating a contract with a vendor or entity, the Section’s negotiating position should not be disclosed. Another example may be the results of a survey requested or initiated by the Council.

Additionally, State Bar rules and regulations prohibit the sale, disclosure, or publication of the contact information of any Section member. Contractually, our Section has also agreed to maintain the confidentiality of any contact information of any attendee for any seminar the Section has sponsored in whole or in part. Such contact information for a seminar attendee may not be sold, published, or disclosed. Information obtained by Officers, Council Members, or the Executive Director by virtue of or in the course of their respective roles with the Section, including contact information of any Section member or seminar attendee, may only be used to carry out Section business.

⁵ A more complete tribute to Rusty’s character and accomplishments can be found at 10 Journal of Texas Insurance Law 26 (Spring 2010).

B. CONFLICTS OF INTEREST/DISCLOSURES

The purpose of the Section and Council is to serve our members and to educate the public at large regarding insurance law. Should a conflict of self-interest, actual or perceived, arise either for yourself or any other Council member with regard to participation of the Section or Council, you should report same to the Chair or Chair Elect. While the issue of a self-interest conflict should be exceptionally rare, the integrity of our Section and the Council depends on all of us. A practical rule of thumb is that if you would be embarrassed to hear about it on the six o'clock news, the issue or situation should be disclosed.

C. VOLUNTEERING

There are, of course, no paid Council positions except for the Executive Director. The Section and the Council, including its Website, *Journal of Texas Insurance Law*, *Right Off The Press*, etc. all heavily depend on the voluntary participation and efforts of Section and Council members.

Leadership necessarily involves volunteering and actually contributing to the work and tasks that must be done to serve our members. With Council membership and/or committee appointments, you are expected to volunteer and do the work in a timely manner. With volunteering comes accountability. When you volunteer, please be accountable by timely and competently carrying out the task or work for which you volunteered.

One part of the volunteering and accountability component is that Council Members, including Officers, each year are expected to either write an article that is submitted to *the Journal of Texas Insurance Law* or have someone else provide an article that you directly solicited.

Submitted to Council for approval
April 9, 2020

By chair, Guide to Policy & Procedures Committee:

/s/ Blair Dancy
//Blair Dancy

Approved by majority vote of Council:

/s/ William J. Chriss
//William J. Chriss, J.D., Ph.D.
Chair, Insurance Law Section

Date: 5-11-2020

APPENDIX A

**BYLAWS OF THE INSURANCE LAW SECTION
OF THE STATE BAR OF TEXAS**

APPENDIX B

**PAST CHAIRS
INSURANCE LAW SECTION OF THE STATE BAR OF TEXAS**

Ernest Martin Jr.	1998–1999
Ernest Martin Jr.	1999–2000
Michael Sean Quinn	2000–2001
Michael W. Huddleston	2001–2002
J. Mark Lawless	2002–2003
James L. Cornell	2003–2004
Patrick J. Wielinski	2004–2005
Veronica Carmona Czuchna	2005–2006
Russell H. McMains	2006–2007
Karen L. Keltz	2007–2008
Brian S. Martin	2008–2009
Beth D. Bradley	2009–2010
Lee H. Shidlofsky	2010–2011
John C. Tollefson	2011–2012
Vincent E. Morgan	2012–2013
Stephen E. Walraven	2013–2014
Mark A. Ticer	2014–2015
J. James Cooper	2015–2016
L. Kimberley Steele	2016–2017
Meloney Perry	2017–2018
Lisa Songy	2018–2019
William Chriss	2019–2020 (current)

APPENDIX C

**SCHEDULE OF COMPENSATION
EXECUTIVE DIRECTOR**

I. Basic Services

A. Fees: \$2,000 per month

B. Reimbursable Expenses:

Copies: 25¢ per page

Fax: No Charge

Postage: As consumed on the postage meter

II. Special Projects – Upon request by the Council that the Executive Director provide special project assistance, the Executive Director will determine and obtain Council approval for a reasonable fee for such assistance. Special Projects Under Consideration or Currently Underway:

A. Policies and Procedure Manual

B. Webcasts

C. Focused administrative assistance with Journal

D. Creation of a New Council Member Packet

APPENDIX D

TRAVEL REIMBURSEMENT POLICY & EXPENSE REIMBURSEMENT FORM

Council Officers, Council Members, Judicial Liaisons, Speakers, the immediate Past Chair, other past Chairs and past Council Members when specifically invited by the current Chair, and certain others at the Chair's discretion may be eligible for reimbursement of reasonable travel expenses to attend scheduled in-person Council or Executive Committee meetings.

Reasonable travel expenses associated with in-person attendance at Council or Executive Committee meetings shall be reimbursed if travel is solely for attendance at the meeting and the attendee's law firm or organization does not provide reimbursement for such Bar or business development related expenditures. Travel expenses submitted for travel to a Council or Executive Committee meeting held in conjunction with a CLE program will not be reimbursed if the traveling attendee is registered for or speaking at the CLE event. In-person meetings will be scheduled at a time intended to allow all or most attendees to travel to and from the meetings in a single day. Unless travel to and from an in-person meeting in one day is not feasible, Council, Past Chair and Committee chair attendees are encouraged to avoid incurring hotel and other expenses associated with an overnight stay. Requested reimbursement for expenses related to overnight stays will be considered on a case-by-case basis.

Council members are encouraged to make their air reservations well in advance of the scheduled meeting in order to obtain the lowest available air fare. Reimbursement of air shall not exceed \$450 round trip. Rental car may be reimbursed up to 2 days at \$100 per day maximum. Food may be reimbursed up to \$80 per day.

The Request for Reimbursement of Expenses form must be submitted within 45 day of travel and should be sent to Insurance Law Section, c/o Texas Institute of CLE, P.O. Box 4646, Austin, TX 78765, faxed to 512-451-2911 or scanned and emailed to bills@clesolutions.com.

APPENDIX E

The Russell H. McMains LEGENDS OF TEXAS INSURANCE LAW AWARD RECIPIENTS

Beth D. Bradley	2019
Mark Kincaid	2016 (Posthumously)
Sid Davis	2015 (Posthumously)
Joe Longley	2011
Jim Cowles	2010
Bob Roberts	2009
Ernest Martin	2008
Jim Cornell	2008
Brent Cooper	2007
Russell H. (Rusty) McMains	2006
Michael Quinn	2005

APPENDIX F

**APPLICATION FOR POSITION ON COUNCIL OF
THE INSURANCE LAW SECTION OF THE STATE BAR OF TEXAS**