

***General Counsel Search
Committee Meeting
March 25, 2024***

Briefing Material



General Counsel Search Committee Meeting Agenda

Monday, March 25, 2024, 10:30 AM local time

Video/Audio Conference Call Only

Audio Toll Free Dial In Number: 1.346.248.7799

Meeting ID: 2222127774 Password: 537081973

1. Consideration and possible action on the timeline, process, and Committee's charge regarding the search to identify a new General Counsel
2. Consideration and possible action on the requirements and expectation of new General Counsel
 - A. Review background and historical roles of General Counsel and Board Counsel positions
 - B. Consider role and job description for new General Counsel
 - C. Consider employee, solo practitioner, or firm as General Counsel
3. Consideration and possible action regarding the process to identify potential General Counsel candidates
 - A. Notices in communications: TALHI, NOLHGA Wire, IAIR, Austin Bar Association, and TDI
 - B. Outreach to professional colleagues for recommendations
 - C. Personal contacts of TLHIGA board and staff
4. Consideration and possible action regarding the application process, receipt and review of applications, and interviews
5. Executive Session
 - A. Advice from Counsel
6. Consideration and possible action regarding items discussed in Executive Session
7. Consideration and possible action regarding the Committee's next meeting date

* denotes items the Executive Director recommends actions be taken at this meeting



Open Meeting Information

Agency Name: Texas Life and Health Insurance Guaranty Association
Date of Meeting: 03/25/2024
Time of Meeting: 10:30 AM (Local Time)
Board: Texas Life and Health Insurance Guaranty Association
Committee: General Counsel Search Committee
Status: Accepted
Street Location: 1717 West 6th Street, Suite 230
City Location: Austin
Meeting State: TX
TRD: 2024001493
Submit Date: 03/15/2024
Emergency Mtg: No
Additional Information Obtained From: Bart A. Boles, Executive Director
1717 West 6th Street, Suite 230
Austin, TX 78703
Tel: 800-982-6362

The General Counsel Search Committee Meeting will be held as a videoconference/teleconference. Attendees also have the option to attend the meeting in-person at 1717 West 6th Street, Suite 230, Austin, TX 78703.

Teleconference meeting access information:
Dial in Number (Toll Free): 1.346.248.7799
Meeting ID: 2222127774
Password: 537081973

Agenda: Additionally - to obtain a complete PDF copy of the meeting material please go to www.txlifega.org.

Consideration and possible action on:

- 1) Timeline, process, and Committee's charge regarding the search to identify a new General Counsel;
- 2) Requirements and expectation of new General Counsel;
- 3) Process to identify potential General Counsel candidates;
- 4) Application process, receipt and review of applications, and interviews;
- 5) Executive Session;
- 6) Items discussed in Executive Session;
- 7) Committee's next meeting date.

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Item 1

Consideration and possible action on the timeline, process, and Committee's charge regarding the search to identify a new General Counsel



March 25, 2024 General Counsel Search Committee Meeting

TIMELINE, PROCESS, AND COMMITTEE CHARGE FOR SEARCH FOR A NEW GENERAL COUNSEL

The General Counsel advised the TLHIGA Board of Directors of her plan to retire on December 31, 2024, after over thirty years of service.

COMMITTEE CHARGE

During its January 30, 2024 meeting, the Board of Directors appointed the ad hoc General Counsel Search Committee with Ted Kennedy as its Chair and members, Pati McCandless and Jim Harrison. The Committee was asked to review the duties of the General Counsel, develop the process for identification of potential candidates, conduct interviews, and negotiate an hourly rate. The Committee was asked to report on these activities, including a recommendation of a General Counsel, to the full Board of Directors.

PROCESS AND TIMELINE FOR IDENTIFYING NEW GENERAL COUNSEL

The Committee should review the following steps and timeline in the process to find a new General Counsel.

March 2024

1. Determine scope of General Counsel role and duties
2. Review and redraft General Counsel description of duties and requirements
3. Define process for reporting to the Board of Directors
4. Begin to evaluate options for identifying possible candidates

April-June 2024

5. Report to Board of Directors on process and timeline
6. Develop and publish Request for Interest
7. Develop the process for accepting applications, evaluating requirements
8. Distribute material to solicit candidate applications

July-August 2024

9. Perform screening and background checks
10. Interview and follow up interview process
11. Report to Board /Submit recommendation to Board/Board interview?

September - October 2024

12. Final negotiations and engagement

October -December 2024

13. Onboarding and transition

Item 2

Consideration and possible action on the requirements and expectation of new General Counsel:

- A. Review background and historical roles of General Counsel and Board Counsel positions
- B. Consider role and job description for new General Counsel
- C. Consider employee, solo practitioner, or firm as General Counsel



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REQUIREMENTS AND EXPECTATIONS OF NEW GENERAL COUNSEL

The Committee will discuss the duties of the General Counsel position and the required skills necessary to perform these duties.

BACKGROUND AND HISTORICAL ROLES

The primary role of Board Counsel has been to represent the interests of the Board of Directors as distinct from TLHIGA, and to advise the Board on corporate governance matters. In contrast, the role of General Counsel is broader and includes representing the interests of the Board of Directors in the course of representing TLHIGA as a whole. The origin of these distinct roles was in 1997/1998 when the decision was made for management of TLHIGA operations to be performed through a contracted management company owned by former TLHIGA executives rather than through direct employees of TLHIGA. The Board of Directors needed its own counsel to negotiate the management company service agreement, since the interests of the Board and the management company were distinct and arguably more likely to become adverse. In 2003 the management company arrangement ended, and all its staff were employed again directly by TLHIGA. The role of Board Counsel continued in its current iteration.

During its October 24, 2023 meeting, the Board of Directors discussed how the Board Counsel duties would be performed after Shelby Baetz's retirement at year end 2023. It was agreed the Board Counsel and General Counsel duties should be combined and General Counsel Jacqueline Rixen possessed the significant skills and experience necessary to perform the combined duties.

ROLE AND JOB DESCRIPTION OF GENERAL COUNSEL

The role of General Counsel is summarized on pages 2-2 and 2-3.

A draft General Counsel job description is provided on pages 2-4 and 2-5.

The Committee will review this material to finalize the description of the General Counsel position that will be used throughout the search process.

CONSIDER POTENTIAL SOURCES FOR GENERAL COUNSEL

The General Counsel position may be filled by hiring someone as a TLHIGA employee, engaging a solo practitioner, or engaging a firm. The Committee will discuss the pros and cons of each alternative arrangement.

DUTIES OF GENERAL COUNSEL

- ❖ Represent TLHIGA, including the Board and staff, in carrying out TLHIGA functions, primarily through contact with the Executive Director, but also through direct contact with Board members
- ❖ Represent TLHIGA in Texas and foreign receiverships
- ❖ Work with NOLHGA task forces and counsel on multi-state receiverships
- ❖ Provide legal advice regarding: interpretation of TLHIGA governing statute, coverage/claims determinations, disputed claims, reinsurance, third party administrator matters, assessment issues, open meetings and open records, conduct of TLHIGA meetings, board duties and fiduciary obligations, corporate governance, employment matters, employee policies and Employee Handbook, and other matters
- ❖ Attend all Board and Board Committee meetings and assist with preparation for meetings
- ❖ Assist the Board in complying with statutory and common law duties and corporate governance policies and procedures
- ❖ Assist with Board Member training
- ❖ Assist with Board self-evaluation

DUTIES OF GENERAL COUNSEL (continued)

- ❖ Upon request and on a confidential basis, provide advice to individual Board members related to their Board service
- ❖ Assist Board with annual performance evaluation of the Executive Director
- ❖ Negotiate, review, and draft: contracts, assumption reinsurance agreements, administration service agreements, leases, information technology agreements, and other agreements
- ❖ Assist with or draft and update corporate governance documents and TLHIGA policies and procedures
- ❖ Manage claims and other litigation
- ❖ Locate and screen outside counsel as, and when, needed
- ❖ Monitor changes to the NAIC Life and Health Insurance Guaranty Association Model Act and draft or provide information on potential revisions to the TLHIGA's governing statute
- ❖ Provide services or advice as requested by the Executive Director or Board

TLHIGA General Counsel Job Description

General responsibilities

- Represent the entity, TLHIGA, including the Board and the staff in the course of carrying out TLHIGA functions.
- Represent TLHIGA in receiverships domiciled in Texas and other states
- Advise the Executive Director and Board on corporate matters

Receivership responsibilities

- Provide legal advice regarding interpreting the TLHIGA statute, coverage and claims determinations, reinsurance, and TPA matters
- Negotiate, review, and draft contracts such as assumption reinsurance agreements, TPA agreements, and other agreements
- Handle disputed claims; manage claims litigation
- Work with NOLHGA task forces and counsel on multi-state insolvencies
- Represent TLHIGA's interests as a creditor of receivership estates

Assessment responsibilities

- Interpret statutory provisions regarding assessments
- Handle assessment disputes/protests

Legislation responsibilities

- Monitor changes to the NAIC Life and Health GA model act
- Draft amendments to the TLHIGA act, and work with Executive Director and others to pass act amendments

Corporate Governance responsibilities

- Attend all board and committee meetings
- Work with Executive Director and staff on agendas, minutes, and meeting materials for all board and committee meetings
- Provide advice regarding open meetings and open records
- Draft revisions to bylaws, plan of operation and other corporate governance documents
- Provide advice to TLHIGA and the Board regarding Board duties and fiduciary obligations
- Assist Board in complying with statutory and common law fiduciary duties
- Assist with Board's annual self- evaluation or equivalent
- Attend new Board member orientation and any other Board training

General corporate responsibilities

- Provide advice regarding insurance for TLHIGA and the Board
- Interpret Tex Ins. Code 463 and other statutes, rules, or regulations that may apply to TLHIGA
- Provide advice regarding general employment and personnel matters, Employee handbook and employment policies
- Provide advice regarding office leases, IP matters, and other legal matters
- Provide advice regarding TLHIGA and Board policies and procedures of all kinds
- Attend meetings and interact with TDI and other organizations as needed on matters related to or of interest to TLHIGA
- Meet regularly with the Executive Director regarding TLHIGA business and questions
- Manage litigation involving TLHIGA and locate and screen outside counsel as and when needed
- Respond to audit requests or any other financial review requests, when needed

Responsibilities specifically involving the Board

- Assist with evaluation of Executive Director as requested
- Assist with identification and resolution of conflicts of interest
- Provide advice to Board or individual Board members related to Board service
- Coordinate as may be needed with Board's separate retained counsel regarding employment arrangements/contracts with the Executive Director

Item 3

Consideration and possible action regarding the process to identify potential General Counsel candidates:

- A. Notices in communications: TALHI, NOLHGA Wire, IAIR, Austin Bar Association, TDI
- B. Outreach to professional colleagues for recommendations
- C. Personal contacts of TLHIGA board and staff



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PROCESS TO IDENTIFY POTENTIAL GENERAL COUNSEL CANDIDATES

The Committee will explore the various channels to distribute information on the upcoming General Counsel vacancy. This will ensure a broad distribution and demonstrate the transparency of the search process.

NOTICES IN COMMUNICATIONS

There are a number of trade associations, legal profession organizations, and regulatory agencies that have regularly distributed communication tools that may be used to broadly publicize the vacancy and attract potential candidates.

1. Texas Association of Life and Health Insurers (TALHI)
2. National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) Wire
3. International Association of Insurance Receivers (IAIR)
4. Austin Bar Association
5. Texas Department of Insurance
6. Other?

OUTREACH TO PROFESSIONAL COLLEAGUES

The Committee will consider establishing a consistent methodology, with uniform talking points and contact reporting, that may be used to contact professionals to solicit names of viable candidates.

PERSONAL CONTACTS OF TLHIGA BOARD AND STAFF

The Committee will develop talking points and contact reporting for the Board of Directors and staff to use when discussing the General Counsel vacancy with individuals or firms with whom they have had personal contacts and interactions.

Item 4

Consideration and possible action regarding the application process, receipt and review of applications, and interviews



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APPLICATION PROCESS, RECEIPT AND REVIEW OF APPLICATIONS, INTERVIEWS

The Committee will establish a fully documented application process covering the steps outlined below.

APPLICATION PROCESS

The Committee should develop a list of the required elements for applications, the acceptable format of applications, a secure and privacy compliant submission methodology, to whom the applications should be submitted, and the deadline for submissions.

RECEIPT OF APPLICATIONS

A tracking methodology must be implemented to confirm receipt of applications, record the timeliness of application submissions, and identify contact information for any necessary follow up communications.

REVIEW OF APPLICATIONS

The Committee must develop:

- The distribution technique to share compliant applications among the Committee members,
- The factors to be evaluated in the review of applications,
- The process to share individual Committee member's evaluations, and
- The methodology to record the review results.

INTERVIEWS

The Committee must establish consistent questions and discussion topics for interviews of candidates and whether interviews will be in person, virtual, or both. There will also need to be scheduling of follow up meetings among the Committee members to compare and discuss impressions of candidate interviews.

BOARD INVOLVEMENT

The Committee should discuss the Board's involvement in the interviewing/selection process.

Item 5

Executive Session:

A. Advice from Counsel

Item 6

Consideration and possible action regarding items discussed in Executive Session

Item 7

Consideration and possible action regarding the Committee's next meeting date



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NEXT MEETING DATE

The Committee will discuss when they will meet next, the steps in the search process to be completed before the next meeting, and the items to be addressed at the next meeting.