



**MINUTES OF THE MEETING AND EXECUTIVE SESSION
 OF THE
 BOARD OF DIRECTORS
 OF THE
 ARIZONA LIFE AND DISABILITY INSURANCE GUARANTY FUND**

FRIDAY, FEBRUARY 16, 2024

Pursuant to a Public Notice dated January 30, 2024, the Meeting of the Board of Directors of the Arizona Life and Disability Insurance Guaranty Fund (“ALDIGF”) was convened on February 16, 2024, at 10:03 a.m. in a virtual format using Google Meet. Germaine L. Marks, Esq., Chair of the Board, determined that a quorum was present and called the meeting to order.

Present at the meeting were the following members of the Board of Directors:

Germaine L. Marks, Esq.	Chair
Mark A. Haydukovich, ChFC, CLU, CPA, FLMI, CFA ..	Vice Chair
Elizabeth “Betsy” A. Heisler	Secretary/Treasurer
Robert C. Corn	Director
Shelby Cuevas	Director
Tod D. Lashway, CLU, ChFC, LUTCF	Director
Gregg Martino	Director
Paul Matson, CFA, FCSI	Director
Randi F. Reichel, Esq.	Director

Also present at the meeting were:

Zachary Howard	Assistant Arizona Attorney General
Lori D. Nestor	ALDIGF Executive Director
Sharyn Kerr	ALDIGF Administrative Support Specialist
Elizabeth Hodge Smith	Member of The Public

The following matters were discussed, considered and decided at the meeting:

1. ANNOUNCEMENT CONCERNING ALDIGF’S CONFLICT OF INTEREST POLICY AND ANTI-TRUST COMPLIANCE

The Chair announced that the Meeting would be conducted in accordance with the Fund’s Conflict of Interest Policy and in compliance with Arizona law concerning the disclosure of conflicts of interest with regard to any matter before the Board for consideration.

2. REVIEW, DISCUSSION AND POSSIBLE ACTION REGARDING AMENDMENTS TO THE ALDIGF PLAN OF OPERATION.

The Chair began by discussing a proposal by Executive Director Nestor to amend the language in Article 2.C of ALDIGF Plan of Operation (“the Plan”) to allow for making the Plan available for inspection upon a request made electronically via email or by telephone, rather than during office hours as stated. This change was recommended as the result of Guaranty Fund staff working primarily remotely at this time. She explained that, if necessary, arrangements can still be made for in-person inspection of the Plan.

The Chair then moved on to explain the recommended changes to Article 3.B.5 of the Plan to create a Nominating Committee for the Board consisting of three Board members appointed by the Chair.

Change was also recommended to the language in Article 3.E to allow the Board to hold its annual meeting during the first week of November instead of on a designated day of that week, and also to clearly state that the Board can hold its meetings online via the Internet. Director Martino inquired as to the reason for holding the meeting the first week of November, stating that meetings held that week can potentially conflict with election days which are typically held the first Tuesday of November. He then proposed that the modification be changed to state that the Board will hold its annual meeting during the first two weeks of November. The Chair inquired if anyone present had a problem with Director Martino’s suggestion. Hearing no objection, the Chair approved changing the amendment language to include “...the first two weeks in November”.

The Chair then went on to discuss changes to Article 4.F(4)(a) addressing Procedures for Handling the Assets of The Fund. She recognized Executive Director Nestor who stated that the proposed amendments were just a rewording of what already existed there in the Plan but that they provide more clarity where some confusion has existed. If adopted, the changes would continue to clearly state that the Fund will comply with the requirements of the [Arizona] Department of Administration with regard to the required number of signatures on checks, etc. However, they do contain a recommended increase in

the signing authority of the Guaranty Fund Claims Manager to \$150,000 from \$50,000 due to the fact that the value of claims has increased. Ms. Nestor explained that the Claims Manager doesn't typically have frequent activity with Life and Disability claims, but this change will allow some flexibility. The Chair agreed that the increase made sense and inquired if anyone present had concerns about making it. Vice Chair Haydukovich commented that in Article 4.B, there is no stated limit on "non claims" and inquired as to why. Ms. Nestor replied that the Claims Manager isn't authorized to sign non claim checks. She also pointed out the Department of Administration requirement of two signatures on any check over \$500 would apply to those checks. Director Reichel inquired as to the frequency of using paper checks and if the same approvals are required for ACH payments. Ms. Nestor stated that for any amount of ACH payment, bank security settings require two authorizations.

The next proposed modification mentioned was to amend the language of Article 4.F(4)(e) to provide for a wire transfer procedure or electronic payment procedure to be established with the Fund's bank under which the Executive Director would be authorized to initiate a wire transfer of funds or electronic payment in order to satisfy an obligation of the Fund.

The Chair then indicated that the proposed changes to Article 4.G(5) would allow the Fund to set a bar date when and where needed, rather than applying the statute to all. She explained that claims are often submitted and appropriately covered after the currently stated four-month bar date, as policy coverage often continues long after that time. Executive Director Nestor indicated that this change, and all of the modifications proposed, were reviewed by the Assistant Attorney General and deemed appropriate. Assistant Attorney General Zach Howard then confirmed that the suggested modification to Article 4.G(5) better aligns with the language of the Arizona Statute that it references, A.R.S. § 20-695.

An amendment was further recommended for Article 4.I, Reimbursement of Board members of expenses incurred. The Chair confirmed that the proposed changes to the language in this section might better align with actual practices. Executive Director indicated that a signature from the Director (or Cabinet Executive Officer) would be sought if this amendment is adopted.

The Chair entertained a motion to adopt the proposed amendments to the Plan, inclusive of Director Martino's suggestion to change the November meeting to occur within the first two of weeks of November. A motion was made by Director Reichel and seconded by Director Lashway. The motion was carried.

3. EXECUTIVE SESSION, IF NECESSARY, PURSUANT TO A.R.S. § 38-431.03(A)(3) TO CONFER WITH COUNSEL WITH REGARD TO ANY ITEM INCLUDED WITHIN THIS NOTICE AND AGENDA.

It was decided and agreed that an Executive Session was not necessary at this time.

4. POSSIBLE APPOINTMENT OF ALDIGF NOMINATING COMMITTEE.

The Chair stated that she hadn't contacted members of the Board to inquire as to willingness to serve on the Nominating Committee, pending approval of that modification by the Board. She entertained nominations from the floor but there were none. She then stated that she would reach out to Board members at a later time about serving on the committee.

There being no further business to come before the Board, without objection the meeting was adjourned at 10:16 a.m.

Dated this 16th day of February, 2024 and respectfully submitted,

APPROVED:

GERMAINE L. MARKS, ESQ.

ELIZABETH "BETSY" A. HEISLER

CHAIR OF THE BOARD

SECRETARY/TREASURER