



NAHU MEMBERSHIP DUES INCREASE

Preparing for the Future of the Health Insurance Industry

NAHU has experienced the same type of financial pressures that our members have felt in their business and at home. A combination of increased tax liability, reduced advertising revenue and poor member retention have all had a negative impact on our reserves. As responsible stewards of your membership dues, we have taken great strides in trimming costs, cutting under-performing programs and finding alternative sources of revenue in the past two years. Between the 2008 and 2010 budgets, \$692,000 of budgeted expenses were eliminated by cutting NAHU Board expenses by 35% and leaving several staff positions vacant. This year, the Board approved an additional 20% reduction in costs. Volunteers at every level of national and regional leadership have personally accepted more out-of-pocket costs of travel while working to make our organization more successful.

Now, more than ever, it is imperative for NAHU to move forward and increase its membership levels, member experience, chapters' viability, legislative efforts, presence in the health care industry and financial foundation. The association now faces one of the most significant challenges in our history, but many new opportunities will also be available for agents and brokers if they are properly equipped with the right knowledge and appropriately represented to state and federal governments. To assist our members both in meeting upcoming challenges as well as taking advantage of opportunities, there are several strategic initiatives NAHU must pursue. These actions are of the utmost importance at this turning point in our members' careers. A national dues increase is essential to funding the following types of items as we move forward.

Legislative and Regulatory Environment

Regulations are now being developed at the federal level in multiple agencies. The complexity of these regulations as they are being developed and interpreted, as well as their importance to NAHU members, requires the retention of additional outside legal counsel to assist us in optimizing the outcome of health care reform. This will also allow us to provide timely compliance information to our current members as well as attract new members by improving the marketability and ability not only to stay in business but to take advantage of opportunities created by the new legislation.

We have also hired additional government affairs staff to handle the increased responsibilities associated with new legislative and regulatory measures at both the federal and state levels.

Dual-Purpose Public Relations Campaign

It is critical that NAHU educate consumers and policymakers about the realities and myths of the current health care system and the benefits of a private market. Especially in light of the soon-to-be-created Exchanges, the value of the agent/broker must be emphasized and understood. NAHU members and those who are not yet members need to understand that NAHU is the premier association for agents and brokers and that their membership is essential. This will involve extensive promotion of NAHU in multiple venues.

Operational Improvements

We will be relocating our office to downtown Washington, D.C., at the end of our current lease in 2011. Additionally, we must replace some furniture and computer equipment as well as update and enhance our website functionality.

Chapter Assistance

Small and struggling NAHU chapters continually report difficulties with the cost of chapter administration. NAHU will hire an additional staff member whose complete focus is chapter management. This service is not designed to replace the executive directors of existing chapters or duplicate services offered by local chapter management but rather to provide basic services for chapters unable to afford local assistance. This service to chapters will:

- Provide assistance with membership, accounting and program areas.
- Allow state and local chapters to rely less on volunteer support to perform necessary functions.
- Provide greater assurance that chapters are complying with bylaw and legal requirements.
- Help with recruitment and retention efforts with members.
- Generate monthly financial statements for chapters to be presented at board meetings.
- Assist with organizing educational programs and chapter meetings.

Reserve Balance

NAHU must maintain a financial foundation that ensures a viable financial future. To protect our long-term financial stability, we must increase our reserves to the level recommended by our auditors.

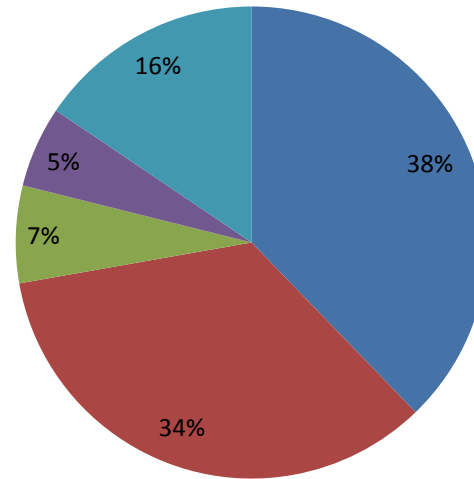
The dues will increase \$50 in 2011, \$25 in 2012 and \$25 in 2013. This increase will ensure that we are able to continue to fund our members' needs and prepare for upcoming changes due to the legislative and regulatory environment.

LOOKING AT THE NUMBERS

Where the Funds Will Be Allocated

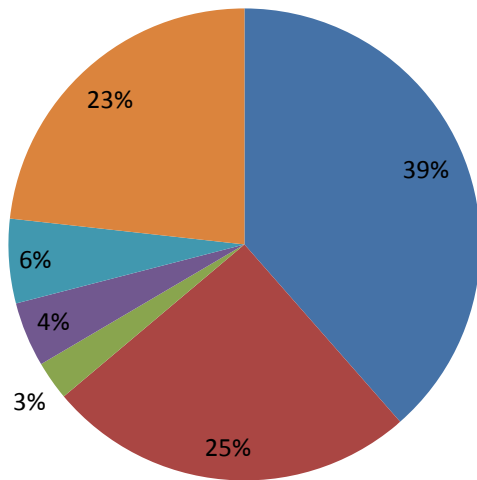
NAHU has developed a three-year strategic plan for the allocation of funds from a dues increase. Each pie chart represents the percentage of funds to go to each of the six areas of development: increased staff and benefit costs, increased legislative and regulatory expenses, new chapter assistance program, communications campaign on the role of the agent, cost of operations improvements and increased financial reserve. There is an anticipated dues increase of \$50 in 2011, \$25 in 2012 and \$25 in 2013.

2011



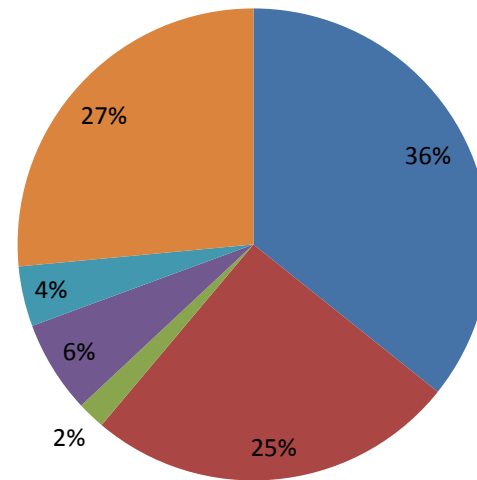
- Increased Staff and Benefits Costs
- Increased Legislative and Regulatory Expenses
- New Chapter Assistance Program
- Communications Campaign on the Role of the Agent
- Cost of Operations Improvements
- Increased Financial Reserve

2012



- Increased Staff and Benefits Costs
- Increased Legislative and Regulatory Expenses
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2013



- Increased Staff and Benefits Costs
- Increased Legislative and Regulatory Expenses
- New Chapter Assistance Program
- Communications Campaign on the Role of the Agent
- Cost of Operations Improvements
- Increased Financial Reserve