

MDRT ALL STAFF MEETING SUMMARY

November 15, 2019

MDRT Headquarters

Park Ridge, Illinois,
USA

An all-staff meeting of the Million Dollar Round Table was convened by CEO **Steve Stahr** on November 15, 2019, at 9 a.m. Stahr presented a high-altitude look at where MDRT is headed organizationally regarding Mainland China, two new business entities approved by the Executive Committee and the “Cycle of Sustainability,” all of which will lead MDRT to its ultimate goal to be the go-to organization in the industry.

CHINA UPDATE

On January 1, 2017, China’s new Foreign Non-Governmental Organization (FNGO) laws went into effect (Mainland China only) targeting religious, scientific and political organizations and foundations. Unfortunately, the FNGO laws -- which require registration of all activities inside Mainland China with the government -- apply to *all* FNGOs operating inside Mainland China, including MDRT. Unknowingly and ill-advisedly, MDRT was not in compliance. MDRT was notified of non-compliance in April 2019 and hired a law firm to begin work on our case. Since then, MDRT has ceased all activities by MDRT members and companies within Mainland China and is working to get back into compliance. There are two types of presence possible within Mainland China: 1) temporary activities, with alignment with a Cooperative Partner or 2) a physical office/representative office (RO), with alignment with a Professional Supervisory Unit (PSU). Cooperation Partners and PSUs must be approved government agencies, preferably in one’s industry. In either instance, MDRT must register all future activities with the government.

MDRT is making progress, making important connections who are giving us advice to navigate the process and slowly get back to business. After several trips to China this year to solve the problem, an MDRT PR campaign and temporary events have been approved. MDRT has secured a cooperation partner outside our industry and registered six Home Office Partnership (HOP) visits as temporary activities.

Next steps include continuing the PSU search process to establish the RO and conducting temporary activities with interested companies via our cooperation partner. Membership processing and meeting registration processing can occur via our website. Company/member communication is subject to PSB approval. MDRT will ensure headquarters staffing around the clock to serve China in Mandarin. There will be more trips to China, more updates and more expected good news. In response to a staff question, Stahr said MDRT must ask companies how they're promoting MDRT; register all planned events, workshops and meetings in Mainland China; and supply a list for their approval. Registration of all activities also serves as a pre-emptive measure that can insulate MDRT from imitators. If they provide an office, MDRT will get a compliance team. WeChat and WhatsApp will be reintroduced once everything is in compliance.

MDRT GLOBAL SERVICES

MDRT Global Services was established September 2019 as a separate 501(c)(6) business league to function as: a) an individual/group membership association for insurance and financial services industry "influencers" and b) a means to bring non-traditional offerings and/or those with potential for risk or liability to market to protect MDRT, its assets and its brand reputation. MDRT Global Services will give influencers another reason to buy into MDRT, getting them involved by encouraging membership and engagement in MDRT and the MDRT Academy. It will involve them deeply in MDRT culture, benefits and brand; expose them to offerings of the MDRT Academy; and provide tools to help them improve personally and professionally. The audience will be brokerage general agents and managers, career agency general agents and managers, insurance company home office employees and executives and other professionals who influence producers in some way. The purpose is to demonstrate value and provide a means to engage in very specific ways with MDRT: engaging and maintaining an MDRT culture in their organizations, creating incentives, helping producers reach their full potential, assisting in better recruitment, promoting a constant pursuit of excellence through the "Whole Person" philosophy, educating and enlightening insurance and financial services influencers, serving current MDRT members and possibly non-members with relevant offerings, shielding MDRT from liability brought on by new offerings and promoting MDRT's Code of Ethics.

Volunteer Governance/Staff Leadership

The Executive Committee will serve as the Executive Committee for MDRT Global Services,

with the CEO as an ex officio member. Staff leadership will include MDRT's CEO, new MDRT Global Services Manager **Julie Langlie** and a staff team from various MDRT departments, similar to the MDRT Academy. Eventually, MDRT Global Services will have designated staff. MDRT completed Articles of Incorporation and has obtained a FEIN number; IRS form 1024 (tax exemption status) is in progress; and bylaws, policy guide, business plan, strategic plan, brand identity, marketing plan and initial offerings will be developed. Pilot plan launch will be fourth-quarter 2020 for the 2021 calendar year.

MDRT BUSINESS SERVICES, INC.

MDRT Business Services, Inc. was established September 2019 as a separate, legal, for-profit C-corporation owned by MDRT as the lone shareholder. This structure allows MDRT to carry on unrelated business activities, with corporate income taxes paid on the revenue they generate. The main benefits include: 1) preserving MDRT's tax-exempt status by creating a clear line between association-related activities and unrelated business activities that would create an unrelated business income tax (UBIT) liability for MDRT; 2) providing a revenue stream for MDRT as expenses rise and MDRT strives to create greater member value and customized offerings globally; 3) providing a means for customers to attach to the MDRT brand through a variety of business activities unrelated to MDRT's mission; and 4) shielding MDRT from liability. All revenue would be subject to the current U.S. corporate tax rate of 21 percent. The after-tax income will be passed, easily and tax-free, to MDRT to benefit all members through lower dues. MDRT Business Services, Inc. will allow MDRT to leverage its brand strength in ways unrelated to MDRT's mission among current global audiences and shelter MDRT from liability created by unrelated activities. Audiences will include current MDRT members; non-members; financial service companies, agencies and organizations; and both endemic and non-endemic companies and professionals.

Volunteer Governance/Staff Leadership

By law, volunteer governance requires "separateness" from the MDRT Executive Committee as the governing body. Leadership will be comprised of the three most recent MDRT Past Presidents (the Immediate Past President, Past President Once Removed and Past President Twice Removed) and MDRT's CEO as an ex-officio member. Staff leadership will include MDRT's CEO, new MDRT Business Services Manager **Mary Lake** and a staff team comprising MDRT staff from existing departments. Eventually, there will be a dedicated staff team. MDRT completed Articles of Incorporation and has obtained a FEIN Number. Bylaws, a policy guide,

business plan, strategic plan, brand identity, marketing plan, initial offerings and a rollout plan will be developed. Launch is expected by the fourth quarter, 2020, for the 2021 calendar year.

CYCLE OF SUSTAINABILITY

MDRT is always at the center of what we do. The cycle is an interactive combination of fully functioning entities (MDRT Headquarters and MDRT Foundation); launched/pilot phase/not fully functioning entities (MDRT Academy) and those that are not yet launched (MDRT Business Services and MDRT Global Services). MDRT's brand strength, for example, keeps the MDRT Academy strong, and MDRT's brand is so strong that Global Services will want to be a part of it. The goal is to grow and keep costs low.

"Better, Faster, Cheaper"

MDRT always will focus on doing things better and faster, but speed to market is key. MDRT will provide value with outside funding to help MDRT compete on value *and* price to achieve all three. The Executive Committee has approved this approach toward how we grow and claim the marketplace. Companies who want MDRT's culture have asked for our help, and we are creating our own pipelines and filling our own gaps, rather than relying on other companies to grow our company and our brand. This will require MDRT's Core Values Innovation and Collaboration/Teamwork. The goal is to ensure all entities will be free-standing and up-and-running.

ADDITIONAL NOTES

Senior Director, Human Resources **Laura Good** gave a shout-out to all managers for their work and dedication.