

**National Society of Insurance Premium Auditors  
Code of Professional Ethics**

**Preamble**

The provisions of the Code of Ethics cover basic principles in the discipline of premium audit practices. Premium Auditors shall realize that individual judgment is required in the application of these principles. Premium Auditors have the responsibility to conduct themselves so that their good faith and integrity shall not be open to question. While having due regard for the realistic limits to individual skills, Premium Auditors shall promote the highest professional premium auditing standards to the end of advancing the interest of their companies or organizations and of the insurance business.

The basic objective of the Code is to serve the public interest, not only by specifying minimum ethical conduct rightly expected of Premium Auditors, but by encouraging voluntary acceptance of standards of professional conduct far beyond minimal expectations.

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**Articles**

1. Premium Auditors shall be prudent in the use of information acquired in the course of their duties. Premium Auditors shall not use confidential information for any personal gain or in a manner which would be detrimental to the professional conduct of the insurance business. Premium Auditors shall not disclose to any other person any confidential information entrusted to or obtained by them unless a disclosure of such information is required by law.
2. Premium Auditors shall provide the same high standard of professional service to all policyholders regardless of color, sex, national origin, or type of business pursuit. Impartiality, integrity, honesty, and common courtesy shall be shown to policyholders, agents, accountants, and others with whom they may be in contact while carrying out their duties.
3. Premium Auditors shall continually strive to improve their professional knowledge, skills and competence, in the insurance business generally and in the practice of Premium Auditing specifically.
4. Premium Auditors shall conscientiously perform their duties in a manner that will assure equity and improve the efficiency of the insurance mechanism.
5. Premium Auditors shall perform their duties in a dignified and professional manner that will bring credit to the insurance business, and they shall assist in maintaining and raising professional standards in the insurance business.
6. Premium Auditors shall refrain from entering into any activity which may be in conflict with the interest of their employers or which would prejudice their ability to carry out objectively their duties and responsibilities.
7. Premium Auditors shall not attempt by direct or indirect means to injure maliciously or falsely the professional reputation or practice of another Auditor.

8. Premium Auditors will cooperate in extending the effectiveness of the profession by interchanging nonconfidential or nonproprietary information and experience with other Premium Auditors and encouraging fellow Auditors to improve and update their education.

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**Articles of Incorporation  
for The National Society of Insurance Premium Auditors**

The Honorable James C. Kirkpatrick  
Secretary of State  
State of Missouri  
Jefferson City, Missouri 65101

We, the undersigned, being natural persons of the age of twenty-one years or more and citizens of the United States, for the purpose of forming a corporation under Chapter 355, R.S. Mo., 1969, The General Not For Profit Corporation Law of the State of Missouri, do hereby adopt the following Articles of Corporation.

Article I

The name of the said corporation shall be the National Society of Insurance Premium Auditors.

Article II

The purpose of the corporation shall be:

A. To provide a certification procedure for premium auditors through

1. developing a premium auditor's course of formal study of all auditable lines of insurance coverages including a general knowledge of all property and casualty coverages and

2. developing a proficiency testing procedure to ascertain that the candidate premium auditor has reached proficiency and knowledge levels acceptable to the industry.

B. To provide a forum for the exchange, development and dissemination of technical information.

C. To contribute to the insurance industry the knowledge and experience of the professional auditor to

1. assure proper premium assessment on all policies written "subject to audit", i.e., variable premium base, out of the control of the underwriter and

2. provide management awareness of the impact of proper premium earnings and awareness of the size of this type of income from auditable (variable) premium earnings.

D. To establish uniform standards for auditing which will also

1. serve to provide more accurate and dependable statistics to rate making authorities and

2. provide greater control for premium deviations.

- E. To promote the growth and development of the profession.
- F. To promote and conduct research in areas which further the purposes and objectives of the profession.
- G. To provide for the liaison with related disciplines.
- H. Notwithstanding any other provision of these articles to the contrary:
  - 1. The corporation shall not carry on any activity or use any portion of the assets of the corporation for any purpose which is not permitted to a corporation organized under the General Not For Profit Corporation Law of the State of Missouri, Chapter 355, R.S. Mo., 1969.
  - 2. The corporation shall not carry on any activity or use any portion of the assets of the corporation for any purpose which is not permitted to an organization which is exempt from taxation under Section 501 (c) (6) of the Internal Revenue Code of 1954, as amended.

#### Article III

For any of the purposes specified in Article II above, the corporation shall have each and every power which a corporation organized under the General Not For Profit Corporation Law for the State of Missouri, Chapter 355, R.S. Mo., 1969, may exercise: provided, however, that notwithstanding any other provisions of these articles to the contrary, the corporation shall not carry on any activity not permitted to be carried on by:

- A. A corporation exempt from taxation under Section 501 (c) (6) of the Internal Revenue Code of 1954, as amended.

#### Article IV

The period of duration of such corporation shall be perpetual.

#### Article V

The names and addresses of the Incorporators are:

Alva John White 218 W. 99th Terr., Kansas City, Missouri

Penny A. White, 218 W. 99th Terr., Kansas City, Missouri 64114

Steven J. Wells, 218 W. 99th Terr., Kansas City, Missouri 64114

#### Article VI

The number of members of the Board of Directors shall be as set forth in the By-Laws, but in no event shall the number of Directors be less than three (3).

#### Article VII

The address of the initial registered office of said corporation shall be White & White Inspection and Audit Service, Inc., P.O. Box 1215, Kansas City, Missouri 64141. The name of said corporation's initial registered agent at such address shall be Steven J. Wells.

#### Article VIII

Directors of the corporation need not be residents of the State of Missouri or members of the corporation. The numbers of directors may be increased or decreased from time to time by amendment to the bylaws of the corporation, but the number of directors shall not be less than three (3).

#### Article IX

No stock shall be authorized or issued.

#### Article X

The corporation may have different classes of members and the qualifications for membership shall be as set forth in the by-laws. Members shall have the right to vote upon any matter not inconsistent with Article II or Article III above, to the extent specifically provided in the by-laws. The directors shall be elected in such manner as the by-laws provide, and all matters requiring any vote shall be resolved by the Board of Directors except where the by-laws contain specific provision for voting by the members.

#### Article XI

Upon any dissolution of this corporation, its property and assets shall be applied and distributed as follows:

- A. All liabilities and obligations of the corporation shall be paid, satisfied and discharged, or adequate provisions shall be made therefore.
- B. Assets held by the corporation upon conditions requiring return, transfer, or conveyance, which conditions occur by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements.
- C. Any remaining assets shall be transferred or conveyed as specified in the plan or distribution adopted in accordance with the laws of the State of Missouri then applicable to not-for-profit corporations, and such transfer or conveyance shall be to such one or more organizations organized and operated under the laws of the State of Missouri or of any other state, but in no case shall any transfer or conveyance be made except to an exempt organization within the meaning of Section 501 (a) of the Internal Revenue Code of 1954.

#### Article XII

The corporation reserves the right to amend, alter, modify, change or repeal any provisions contained in these Articles of Incorporation, or any amendment of the provisions thereto, in the manner now or hereafter prescribed by statute, and all rights and powers conferred herein on members, directors and officers are subject to this reserve power: provided, however, that in default of expressed statutory provisions, these Articles of incorporation may be amended in any respect by a majority vote of those persons constituting the Board of Directors at such time: further provided, notwithstanding anything within this Article to the contrary, no amendment shall be made to the Articles of Incorporation which would cause the corporation to cease to qualify as an exempt organization under Section 501 (c) (6) of the Internal Revenue Code of 1954, as amended.

### Article XIII

All references herein to sections of the Revised Statutes of Missouri, 1969, shall be deemed to refer also to any other section or sections which may be or hereafter are enacted in lieu thereof or in substitution therefore. All references herein to sections of the Internal Revenue Code of 1954 shall be deemed to refer also to any other section or sections which may be or hereafter are enacted in lieu thereof or a substitution therefore.