

OSBIE

Governance Policies

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POLICY STATEMENT

In the unlikely event that any part of this document is in conflict with any part of the Insurance Act or with the OSBIE Subscribers' Agreement, it is clearly understood that the terms of the Insurance Act and the Subscribers' Agreement supersede the terms of this document.



POLICY STATEMENT

OSBIE exists so that Subscribers have protection against insurable financial losses at a stable and competitive premium.

This End is further interpreted to include but not limited to:

1. Customized insurance products and services that meet subscriber needs
2. Reduction in frequency and severity of losses
3. Investment of funds to provide revenue to support a stable and competitive premium.



POLICY STATEMENT

The Board of Directors’ sole official connection to the operational organization, its achievements and conduct will be through the Chief Executive Officer and Attorney-in-Fact, hereinafter referred to as the CEO.

Only the Board acting as a body can employ, terminate, discipline or change the conditions of employment of the CEO.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

Only officially passed motions of the Board of Directors are binding on the CEO.

Accordingly:

1. Decisions or instructions of individual directors, officers or committees are not binding on the CEO except in rare instances when the Board of Directors has specifically authorized such exercise of authority.
2. In the case of individual directors or committees requesting information or assistance without the Board authorization, the CEO can refuse such requests that require, in the CEO's opinion, a material amount of staff time or funds or is disruptive to the operations of the organization and ask that the member or the committee may refer such requests to the full Board for consideration.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

The CEO is the Board of Directors’ only link to operational achievement and conduct, all authority and accountability of staff as far as the Board is concerned, is considered the authority and accountability of the CEO. Accordingly:

1. The Board of Directors shall not give instructions to persons who report directly or indirectly to the CEO.
2. The Board of Directors shall not evaluate, either formally or informally, any member of the organization other than the CEO.
3. The Board of Directors shall view CEO performance as identical to organizational performance, so that organizational accomplishment of Board stated ENDS and avoidance of Board proscribed Means will be viewed as successful CEO performance.

Monitoring:	Method:	Frequency:
Approval Date February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

The Board of Directors will instruct the CEO through written policies or resolutions which prescribe the organizational ENDS to be achieved, and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies. Accordingly:

1. The Board of Directors shall develop policies instructing the CEO to achieve specified results for specified recipients at specified cost. These policies shall be developed systematically from the broadest, most general levels to more defined levels, and will be called ENDS policies.
2. The Board of Directors shall develop policies which limit the latitude that the CEO may exercise in choosing the organizational means. These policies shall be developed systematically from the broadest, most general level to more defined levels and they will be called Executive Limitation Policies.
3. As long as the CEO uses any reasonable interpretation of the Board’s ENDS and Executive Limitations policies, the CEO is authorized to establish all procedures, make all decisions, take all actions, establish all practices and develop all activities. Such decisions of the CEO shall have full force and authority as if decided by the Board.
4. The Board of Directors may change its ENDS and Executive Limitations policies, thereby shifting the boundary between Board of Directors and CEO domains. By doing so, the Board changes the latitude of choice given the CEO. As long as any particular delegation is in place, the Board will respect and support the CEO’s choices.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

Systemic and rigorous monitoring of CEO job performance shall be solely measured against the organizational accomplishments of the Board policies on ENDS, and organizational operation within the boundaries established in Board policies on Executive Limitations. Accordingly:

1. Monitoring is to determine the degree to which Board policies are being met. Only relevant data shall be considered to be monitoring data. Monitoring shall be as automatic as possible, using a minimum of Board time.
2. The Board will acquire monitoring data by one or more of three methods:
 - a) By internal report, in which the CEO provides interpretations and compliance information to the Board;
 - b) By external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies;
 - c) By direct Board inspection, in which designated director/s assess compliance with the appropriate policy criteria.
3. In every case, the performance standard for Executive Limitations policies shall be whether the CEO reasonably interpreted and complied with the Board policy being monitored. For ENDS policies, the standard shall be whether the CEO has reasonably interpreted and has made reasonable progress toward fulfilling the Board policies. The Board shall make final determination as to the CEO's interpretation of reasonableness, but shall always judge with a "reasonable person" test rather than with interpretations favoured by individual directors or by the Board of Directors as a whole.
4. All policies that instruct the CEO shall be monitored at a frequency and by a method chosen by the Board. The Board can monitor adherence to any policy at anytime by any method, but shall ordinarily follow the Board's annual planning schedule and method outlined in Appendix BMDP-5.
5. The Board of Directors shall annually conduct a formal performance summative evaluation of the CEO. The summative evaluation shall be based upon data collected during the year from the monitoring of ENDS and Executive Limitation policies (Reference: Appendix BMDP-5). A written report shall be prepared by the Board's CEO Compensation Review Committee and approved by the Board.



POLICY STATEMENT

Nothing in the policy is intended to imply the establishment of any personal rights not explicitly established by legislation, contract or Board policy. All employment decisions related to the CEO remain within the sole and continuing discretion of the Board of Directors.

Appendix follows.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: June 30, 2016		Revised: June 30, 2016
Chair of the Board		Secretary of the Board



POLICY STATEMENT

Appendix BMDP-5 Monitoring of CEO Performance

OSBIE Monitoring Cycle and Evaluation form

Policy	Method	Timing	Responsible
Review - Global ENDS			
Global ENDS	Annual Review to allow the CEO to develop following year's strategic plan and budget	June	Board of Directors with CEO
Review - Executive Limitations Policies			
ELP-1: Global Executive Constraints	Written Assessment / CEO Monitoring Report	June	Board of Directors with CEO
ELP-2: Treatment of Subscribers	Written Assessment / CEO Monitoring Report	December	Board of Directors with CEO
ELP-3: Treatment of Staff	Written Assessment / CEO Monitoring Report	September	Board of Directors with CEO
ELP-4: Financial Planning and Budgeting	Written Assessment / CEO Monitoring Report	June	Board of Directors with CEO
ELP-5: Financial Conditions and Activities	Written Assessment / CEO Monitoring Report	June	Audit Committee with CEO
ELP-6: Asset Protection	Written Assessment / CEO Monitoring Report	June	Audit Committee with CEO
ELP-7: Investments	Written Assessment / CEO Monitoring Report	June	Audit Committee with CEO
ELP-8: Emergency CEO Succession Planning	Written Assessment / CEO Monitoring Report	September	Board of Directors with CEO
ELP-9: Compensation and Benefits	Written Assessment / CEO Monitoring Report	September	Board of Directors with CEO
ELP-10: Communication and Support to the Board	Written Assessment / CEO Monitoring Report	September	Board of Directors with CEO



POLICY STATEMENT

Written Assessment: Assigned Board member /Board Committee will:

- Use the form below adapted for the specific policy
- Complete an evaluation of Board’s compliance with policy
- Provide a report for Board review and discussion.

Policy Section, Item or Words	Has the CEO acted consistently with this item of the policy?	Specific representative examples to support your response
	<ul style="list-style-type: none"> • Any areas in which the Board members is not satisfied that there is a reasonable interpretation. • Any areas in which there is insufficient evidence of compliance • Any areas in which there is evidence of non-compliance. 	

Policy Amendments if required:

- Use the form below adapted for the specific policy
- Provide rational and suggested wording for the proposed policy amendment
- Provide report for Board review and discussion.

Policy Section, Item or Words requiring review	Rational for policy amendment?	Suggest revised wording



POLICY STATEMENT

The Board recognizes OSBIE’s owners as the School Board Subscribers.

The Board’s commitment is to govern the Organization as representatives of the best interest of all its current and future owners to ensure long-term viability and to enact and uphold the OSBIE bylaws as outlined in the Subscribers’ Agreement.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

The Board of Directors, on behalf of the Subscribers, is accountable for acting in a manner that is consistent with law and with the Board’s own policies and that unacceptable actions and situations are avoided. The Board of Directors shall also act to maximize Subscribers’ value by achieving appropriate results at an appropriate cost.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

The Board will govern OSBIE through strategic leadership, by applying a framework of governance principles and by holding itself accountable for governance performance with an emphasis on:

- (a) outward vision rather than focus on internal operations;
- (b) encouragement of diversity of viewpoints;
- (c) strategic leadership more than administrative detail;
- (d) clear distinction of Board and Chief Executive office;
- (e) collective rather than individual decisions;
- (f) future rather than past or present, and
- (g) proactivity rather reactivity.

Accordingly:

1. The Board shall cultivate a sense of group responsibility. The Board, not the staff, shall be responsible for excellence in governing. The Board shall align decisions with the organizational mission, vision, values and ENDS and shall be the initiator of policy, not merely a reactor to staff initiatives. The Board shall use the expertise of individual members to enhance the ability of the Board as a body to make policy rather than to substitute for their individual judgment for the group's values.
2. The Board shall direct, control, and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives. The Board's major policy focus shall be on the intended long-term impacts for Subscribers, not on the administrative or pragmatic means of obtaining those effects.
3. The Board shall enforce upon itself whatever discipline is needed to govern with excellence. Discipline shall apply to matters such as attendance, preparation for meetings, policy-making principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its governance process policies at any time, it shall scrupulously observe those currently in force.
4. Continual Board development shall include orientation of new board members in the Board's governance process and periodic board discussion of process improvement.



POLICY STATEMENT

5. The Board shall not allow an officer, individual member, or committee of the Board to prevent the Board from fulfilling its group obligations.
6. The Board shall monitor and discuss the Board's process and performance at each meeting. Self –monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Management Delegation categories (Reference GPP 8).
7. The Board shall review all governance policies as necessary in accordance to the Board Planning Cycle and Agenda Plan (Reference GPP 10).

Monitoring:	Method:	Frequency:
Approval Date: June 30, 2016		
Effective Date: February 10, 2012	Revised: June 30, 2016	
Chair of the Board	Secretary of the Board	



POLICY: Governance Process Policy
 GPP 4: Board of Directors' Role

POLICY STATEMENT

The Board’s function is to assure appropriate organizational performance on behalf of the Subscribers.

Accordingly, the Board shall have the direct responsibility to:

1. Provide the link between Subscribers and the operational organization

2. Provide written governing policies which address the broadest levels of all organizational decisions and situations.
 - a) ENDS: Organizational products, impacts, benefits, outcomes, recipients and their relative worth in cost or priority;
 - b) Executive Limitations: Constraints on executive authority which establish the prudence and ethics boundaries within which all executive activity and decisions must take place;
 - c) Governance Process: Specifies how the Board of Directors develops, carries out and monitors its own task;
 - d) Board-Management Delegation Policies: specifies how power is delegated and its proper use monitored: the CEO role, authority and accountability.

3. Hire the CEO and assure the CEO’s successful performance through monitoring ENDS and Executive Limitations policies.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012		Revised:
Chair of the Board		Secretary of the Board



POLICY STATEMENT

The Board Chair`s role is to protect the integrity of the Board`s governance process. The Chair serves as the Board's official spokesperson. The Chair may also serve as a voting or ex officio member of Board-approved committees. In the absence or inability of the Chair, the Vice-Chair has all of the powers and duties of the Chair.

The Chair has the following authority and duties:

1. To lead the Board of Directors so that the Board`s performance is consistent with its own rules and procedures and policies and those legitimately imposed on it from outside the organization;
 - a) Meeting discussion content will be only those issues which, according to Board policy, clearly belong to the Board to decide or to monitor;
 - b) Deliberations will be fair, open, and thorough, but also timely, orderly and kept to the point.
2. To chair Board meetings with commonly accepted authority, responsibility and accountability of that position in accordance with the legislation, and Robert`s Rules of Order;
3. To act in a manner that is consistent with the Board`s policies relating to the Governance Process and Board-CEO Linkage. The Chair is authorized to apply a reasonable interpretation of the provisions in these policies:
 - a) The Chair shall not implement or make decisions, which authority belongs to the Board as a whole;
 - b) The Chair shall not implement or make decisions concerning ENDS or Executive Limitations policies. The Chair has no authority as an individual to supervise or direct the CEO;
 - c) The Chair shall act as the principal liaison between the Board of Directors and the CEO;
4. To represent the Board to outside parties in communicating Board-stated positions and in stating decisions and interpretations within the areas delegated to him or her;
5. To ensure that the entire Board is fully informed about Board business;
6. To facilitate respectful teamwork amongst directors.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

The CEO is the Board Secretary whose purpose is to ensure the integrity of the Board’s documents. Accordingly:

1. The assigned results of the Secretary’s job are to see to it that all Board documents and filings are accurate and timely.
 - a) Minutes and policies will be current in their reflection of Board decisions.
 - b) Policies will rigorously follow Policy Governance principles.
 - c) Bylaw elements necessary for legal compliance and for consistency with Policy Governance principles will be known to the Board.
2. Requirements for format, brevity, and accuracy of Board minutes will be known to the CEO.
3. The authority of the Secretary is access to and control over Board documents, and the reasonable use of staff time.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012		Revised:
Chair of the Board		Secretary of the Board



POLICY STATEMENT

The Board of Directors commits itself and its members to exercising ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Accordingly:

1. Members must have loyalty to the Subscribers, unconflicted by loyalties to staff, other organizations or special interest groups, and any personal interest as a consumer of OSBIE services.
2. Members must avoid any real, potential or apparent conflict of interest that could, or could reasonably be perceived to, impair their independence, integrity or impartiality with respect to their duties (fiduciary or otherwise) when acting as Board members.

Members who are in any doubt with respect to a real, potential or apparent conflict of interest must disclose their circumstances and consult with the Chair of the Board.

In practical terms, members should ensure that:

- a) There will be no self-dealing or business by a member with the organization. Members must disclose their involvements with other organizations, with vendors, or any associations that might be or reasonably be seen as a conflict.
- b) All personal or financial interests, assets and holdings are distinct from and independent of any decision, information or other matter that may be heard by or acted upon by the Board.
- c) Actions taken in the course of performing duties as members neither cause nor suggest the reality or perception that the ability to perform or exercise those duties has been or could be affected by private gain or interest.
- d) Other memberships, directorships, voluntary or paid positions or affiliations remain distinct from work undertaken in the course of performing their duties as members.
- e) When the Board is to decide upon a matter about which a member has a real, potential or apparent conflict of interest, that member shall withdraw without comment and refrain from participation in any deliberation or decision on such matter.
- f) Members will not use their Board position to obtain employment in the organization for themselves, family members, or close associates.



POLICY STATEMENT

3. Members may not attempt to exercise individual authority over the organization.
 - a) Members' interaction with the CEO or with staff must recognize the lack of authority vested in Individuals except when explicitly Board authorized.
 - b) Members' interaction with public, press or other entities must recognize the same limitation of any member to speak for the Board except to repeat explicitly stated Board decisions. Members shall keep the Chair of the Board and the CEO or his/her designate informed when responding to the concerns of the community.
 - c) Except for participation in Board deliberation about whether reasonable interpretation of Board policy has been achieved by the CEO, members shall not express individual judgments of performance of employees of the CEO.
4. Confidential Information is any information that is related to OSBIE's business affairs and records, but does not include information which is generally known or easily ascertainable by non Board Members through available public documentation.
 - a) Members shall respect the confidentiality required of all "in camera" sessions of the Board as well as those appropriate to issues of a sensitive nature.
 - b) Board Members will not disclose Confidential Information or share Confidential Information with any third party or person except with the prior written authorization of OSBIE's chair or as may be otherwise be required by law. A Board Member shall not affirm or deny statements made by others, either directly or through electronic means, if such affirmation or denial would result in the disclosure of Confidential Information.
 - c) Any Confidential Information or proprietary information concerning OSBIE may only be used by a Board Member in connection with his or her role as a director of OSBIE and may not be used, directly or indirectly, for any other purpose. Confidential Information shall include, without limitation, the content and all information relating to discussions at Board meetings or meetings of any committee thereof, including any and all materials, correspondence or reports prepared or circulated in connection therewith.
 - d) Board Members will exercise due diligence in the filing of OSBIE electronic documents and ensure that such documents are filed in such a way as to be reasonably safe from interception by third parties.



POLICY STATEMENT

5. Members shall hold themselves and each other accountable for their performance and adhere to the Board's governance policies and principles.
 - a) Members are expected to participate fully in the work of the Board of Directors.
 - b) Members will properly prepare for Board deliberation.
6. Concerns with Member performance will be brought to the attention of the Board Chair in writing.
 - a) The Chair will attempt to facilitate a resolution.
 - b) The Board of Directors will determine if the Member's performance has jeopardized governing with excellence or is in violation of policy.
 - c) The Board members lodging or named in the complaint on another Member's performance shall not participate in the decision making process outlined above.
7. Any member that fails to attend meetings and perform his or her duties on the Board of Directors may be removed from the Board of Directors in such a manner as prescribed in the Subscribers' Agreement.
8. Members will support the validity and the authority of the Board decisions on any matter, irrespective of the member's personal position on the issue.
9. Board Members shall be familiar with the Subscribers' Agreement and policies of the organization as well as the rules of procedure and proper conduct of a meeting so that any decision of the Board may be made in an efficient knowledgeable and expeditious fashion.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised: June 30, 2016	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

In order to govern well, the Board of Directors will invest in its governance capacity.

1. Candidates for Board Directors shall be provided with information that clearly outlines the role of the Board, the qualifications and the Board's expectations of Board members.

2. Board skills, methods, and supports will be sufficient to assure governing with excellence.

2.1. New Directors shall receive a complete orientation to ensure familiarity with the organization's issues and structure, and the Board's governance process.

2.2. Directors shall have ongoing opportunity for continued training and education to enhance their governance capabilities.

2.3. Outreach mechanisms will be used as needed to ensure the Board's ability to listen to owner viewpoints and values.

2.4. Outside monitoring assistance may be arranged so that the Board can exercise sufficient control over organizational performance. This includes, but is not limited to fiscal audit.

3. This investment will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.

3.1 Monies will be included in the budget each year for:

- a. Training of new Directors as well as maintaining and increasing existing member skills and understanding, including annual attendance by the Chair, the Vice Chair and other Directors to various Industry Educational conferences,
- b. Meetings of the Board and its Committees,
- c. Director Travel Insurance,
- d. Directors & Officers Liability Insurance,
- e. Audit, actuarial and other third party monitoring of organizational performance. This includes but is not limited to fiscal audit,
- f. Outreach mechanisms may be used as needed to ensure the Board's ability to listen to owner viewpoints and values, should the owner be a Subscriber.

3.2 No honourarium is paid to participate on the OSBIE Board. However, travel expenses relating to OSBIE Board functions will be fully reimbursed by OSBIE.



POLICY STATEMENT

4. The Board will establish governance process policies that will serve as measurable standards against which the Board's performance can be evaluated.

4.1. Under the leadership of the Chairperson and the Governance Committee, the Board will conduct a self-evaluation at least annually. As a result of this evaluation, the Board will establish a governance action plan with specific goals and objectives for improvement of identified areas

4.2. The Board will monitor its adherence to its own Governance Process and Board Management Delegation policies at least annually as outlined in Appendix GPP-8.

4.3 The Board shall monitor the content of its policies regularly. Upon the choice of the Board, any policy can be monitored at any time. The content reviews are generally performed by the Governance Committee after obtaining input from the Board members.



POLICY STATEMENT

Appendix GPP-8 Governance Policy Self Evaluation Cycle

OSBIE Governance Policy Self-Evaluation Cycle

Policy	Method	Timing	Responsible
Board Self-Evaluation Plan - Board Governance Process Policies			
GPP-1: Board's Commitment to Ownership	Annual Board Self-Assessment Questionnaire	December	Vice-Chair and Governance Committee
GPP-2: Global Governance			
GPP-3: Governance Style			
GPP-4: Board of Directors' Role			
GPP 5: Board Chair's Role			
GPP-6: Board Secretary's Role			
GPP-9: Board Committee Principles			
GPP-10: Agenda Planning			
GPP-7: Board members Code of Conduct	Cumulative Quarterly Assessments + Annual Self Assessment Questionnaires	December	Vice-Chair and Governance Committee
GPP-8: Investment in Governance Capacity	Written Assessment	September	Governance Committee
GPP-9: Audit Committee	Written Assessment	September	Audit Committee
GPP-9: Governance Committee	Written Assessment	September	Governance Committee
GPP-9: CEO Performance and Compensation Committee	Written Assessment	June	CEO Performance Evaluation and Compensation Committee



POLICY STATEMENT

Board Self-Evaluation Plan - Board – Management Delegation Policies			
BMDP- 1: Global Governance	Written Assessment	September	Chair
BMDP- 2: Unity of Control	Written Assessment	September	Chair
BMDP- 3: Accountability of CEO	Written Assessment	September	Chair
BMDP- 4: Delegation to CEO	Written Assessment	June	CEO Performance Evaluation and Compensation Committee
BMDP- 5: Monitoring of CEO Performance	Written Assessment	June	CEO Performance Evaluation and Compensation Committee

Written Assessment: Assigned Board member /Board Committee will:

- Use the form below adapted for the specific policy
- Complete an evaluation of Board’s compliance with policy
- Provide a report for Board review and discussion.

Policy Section, Item or Words	Have we acted consistently with this item of the policy?	Provide specific representative examples to support your response
	Always Most of the time Some of the time Rarely Never	



POLICY STATEMENT

Policy Amendments if required:

- Use the form below adapted for the specific policy
- Provide rational and suggested wording for the proposed policy amendment
- Provide report for Board review and discussion.

Policy Section, Item or Words requiring review	Rational for policy amendment?	Suggest revised wording

	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised: June 30, 2016	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

A committee is a Board committee only if its existence and mandate comes from the Board of Directors. Board committees are not to interfere with the authority of the entire Board, nor interfere with delegation from the Board to the CEO. Therefore, Board committees shall be used sparingly. Accordingly:

1. The Board of Directors shall establish Board committees and their Terms of Reference. Such committees will be advisory to the Board and shall assist the Board in its work as governors, representatives and advocates.
2. The Board shall appoint members to committees and these members shall serve at the pleasure of the Board.
3. Committee membership shall be reviewed annually at the Organizational Meeting in February and more frequently if the Board so determines.
4. The Board shall review annually the Terms of Reference of all committees.
5. It shall be the responsibility of the Committee Chair to:
 - a) provide minutes and reports to the Board;
 - b) bring recommendations from the committee to the Board;

The only Board committees are those listed in appendix to this policy.

Appendix GPP-9 – Board Committees

The only Board committees are those which are set forth in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete. Current Committees of the OSBIE Board are:

1. Governance Committee
2. Audit Committee
3. CEO Performance Evaluation and Compensation Committee
4. Ad Hoc CEO Search Committee

Terms of Reference for each committee follow.

**Governance Committee
Terms of Reference
(Revised June 2008)**

Committee Membership

- Board Chair
- Vice Chair (who shall be Chair of the Committee)
- 3 Directors to be appointed by the Board

Support & Resources

- CEO
- Secretary to the Board, or designate
- External resources as needed

Committee Member Criteria

- Knowledge and experience of governance issues
- Knowledge and commitment to the organization
- Willing to commit and have time availability
- Bring a strategic perspective
- Have a willingness to be open minded, flexible and innovative

Responsibilities of the Governance Committee

- **Monitor and assess governance model and recommend improvements to the Board**
 - Board member responsibilities
 - Board structure
 - Committee structure
 - Governance key principles
 - Board development and orientation
 - Board evaluation and accountability
 - By-law/policy support to governance
 - Subscribers relationship management

Meetings

- To be held at the call of the Chair, no less than once a year.

Accountability

- The Governance Committee is accountable to the Board.

**Audit Committee
Terms of Reference
(Revised February 2010)**

Purpose

The purpose of the Audit Committee (the “Committee”) is to meet the requirements of the Insurance Act (the “Act”). The Committee assists the Board in fulfilling its oversight responsibilities by receiving reports and making recommendations to the Board on matters including:

- Financial reporting;
- Internal controls, information systems and related risk management;
- External audit;
- Such other matters as may be determined by the Board.

Committee Membership

The Committee shall be composed of members of OSBIE’s Board of Directors as a whole.

The Committee will elect a Chair among its Directors. The Chairperson and Vice-chairperson of the Board shall not serve as Chair of the Committee.

The Chair and Vice Chair of the Audit Committee will be determined at the first meeting each year.

Support and Resources

The Committee will be provided with the resources necessary to carry out its responsibilities.

The Committee will be engaged in the tender process for the external resources including the auditor and actuary and will recommend the appointment and compensation of these resources to the Board.

Resource staff for the Committee will include the Chief Executive Officer, the Secretary to the Board, and other staff as required.

The Secretary to the Committee shall be either the Secretary to the Board or his/her designate.

Responsibilities of the Audit Committee

The Audit committee shall review and make recommendations to the Board with respect to the following:

- 1) OSBIE’s annual financial statements, before the annual financial statements are considered for approval by the Board,
- 2) Internal financial control procedures,

3) Any other regulatory financial statement or return, specified by the Superintendent, Financial Services Commission,

4) Review such investments and transactions as OSBIE's external auditor or a member of OSBIE's management staff may bring to the attention of the Committee and shall make such recommendations to the Board as the Committee considers advisable if the Committee considers that an investment or transaction could adversely affect OSBIE's financial condition.

5) Review the investment and lending policies, standards and procedures at least once a year and shall make such revisions as may be necessary to ensure that they satisfy the requirements of the Insurance Act.

For the purpose of carrying out its duties the Committee shall meet with and obtain necessary information from the following persons:

- I. OSBIE's external auditor
- II. OSBIE's appointed actuary
- III. OSBIE's chief internal auditor or the employee acting in a similar capacity
- IV. Members of OSBIE's management staff, with respect to internal financial control procedures.

Committee Meetings and Operation

The Committee shall meet a minimum of two times per year to review the Audit Scope and to accept the Report of the Auditor and recommend approval of the yearend financial statements.

A quorum at a meeting of the Committee will be a majority of Directors appointed to the Committee.

The Committee may, when it considers it appropriate, call a meeting of the Board of Directors to consider any matter of concern to the Committee.

The external auditor or any member of the Committee may call a meeting of the Committee on such reasonable notice (72 hours) as may be determined by the Committee.

The Committee shall ensure that accurate minutes are kept of the Committee's meetings.

The external auditor is entitled to receive notice of every meeting of the Committee and, at OSBIE's expense, is entitled to attend and be heard at the meeting.

A member of the Committee may request the external auditor to attend, at OSBIE's expense, any or all meetings of the Committee.

Accountability

The Audit Committee is accountable to the Board.

The Committee will report to the Board through its minutes and the Committee Chair.

CEO Performance Evaluation and Compensation Committee
Terms of Reference
(Reviewed June 2016)

Purpose

The purpose of the committee is to review the CEO's salary every year in accordance with the adopted compensation model. The CEO's contract is negotiated every four years to line up with the Consultant's report.

Committee Membership

- Board Chair (who shall be Chair of the Committee)
- Vice Chair
- Past Chair

In the event that there is no Past chair, the Chair of the Audit Committee will be appointed to the committee.

Support and Resources

The Committee will engage a professional consultant to provide to review the total compensation package every four years.

The CEO will provide the committee with the following documentation by December 1st of each year:

- Signed monitoring reports
- Forecasted average salary increases as published by at least three leading firms such as the Hay Group, the Canadian HR Report and Mercer Canada
- The forecasted and actual results
- The objectives for the upcoming year

Accountability

- The Compensation Committee is accountable to the Board.
- The Compensation Committee will present the CEO Performance Evaluation and Compensation Report in February of each year.

**Ad Hoc Search Committee
Terms of Reference**

In the event of a vacancy or the sudden loss of the CEO, the Board of Directors shall approve an Ad Hoc Search Committee comprised of the Chair, Vice Chair, Past Chair (or Audit Committee Chair if no Past Chair) and two other members of the Board. The Chair of this committee will not be the Chair of the Board.

Terms of Reference:

This committee will have the following responsibilities:

- 1) On behalf of the Board, select the Executive Search Firm
- 2) Act as resource to the Search Firm
- 3) Coordinate the recruitment & selection process as approved by the Board
- 4) Negotiation of employment contract with successful candidate

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012		Revised: June 30, 2016
Chair of the Board		Secretary of the Board



POLICY STATEMENT

The Chair of the Board and the CEO shall work collaboratively to set the meeting agenda. The agenda and supporting documentation shall be provided to the Board of Directors in a timely manner.

The Board will follow an annual work plan that includes the monitoring and review of all policies; consultation sessions with subscribers and stakeholder groups; and activities to improve Board performance:

1. The annual planning cycle will end each year in December to allow the CEO to properly align internal operational systems and processes to achieve the subsequent year’s Board- determined priorities.

2. The Board’s annual agenda plan for each year:
 - a. May include consultations with groups and persons whose viewpoints are considered helpful to the Board;
 - b. Will include governance process improvement activities, including orientation of new Board members in the Board’s governance process and other discussions by the Board about means to improve its own performance, especially Board member knowledge and skill-building;
 - c. Will included scheduled monitoring of all policies (Reference: BMDP -5 and GPP -8); and
 - d. May include other events and activities that are parts of the Board’s responsibilities and interests

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012		Revised: June 30, 2016
Chair of the Board		Secretary of the Board



POLICY STATEMENT

The Executive Limitation policies are intended to ensure that the CEO take reasonable measures, in accordance with the Board Management Delegation Policies, to formulate and implement operational policies, procedures, practices and decisions that shall not cause or allow any practice, activity, decision or organizational circumstance to be either unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices or is contrary to the Board of Directors' Executive Limitations Policies or will endanger OSBIE's public image, credibility or its ability to accomplish Ends.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

With respect to the treatment of current or potential Subscribers, the CEO shall not cause or allow conditions, procedures or decisions which are unsafe, disrespectful, unfair, discourteous, undignified, unnecessarily intrusive, or which fail to provide appropriate confidentiality and privacy.

Accordingly, the CEO shall not:

1. Permit violation of Subscriber confidentiality and privacy, except where otherwise required by legislation;
2. Permit a culture that is not reflective of a commitment to providing fair, prompt and courteous service;
3. Allow Subscribers to be without a clear understanding of what may be expected and what may not be expected from the service offered;
4. Allow Subscribers to be without appropriate, respectful, timely and cost effective communications with OSBIE;
5. Operate without a process to ensure that Subscribers requests, concerns and complaints are responded to fairly, consistently, respectfully and in a timely manner.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012		Revised:
Chair of the Board		Secretary of the Board



POLICY STATEMENT

With respect to treatment of staff, the CEO shall not cause or allow conditions, procedures, actions or decisions that are unfair, unhealthy, unsafe, unclear, that negatively impact the ability of staff to responsibly perform their jobs and to work in an environment of professional support and courtesy.

Accordingly, the CEO shall not:

1. Operate without written personnel rules that:
 - a) Clarify rules for staff;
 - b) Provide for appropriate due process and effective handling of complaints and concerns;
 - c) Protect against wrongful and unsafe conditions, illegal discrimination and harassment;
 - d) Protect confidential information.
2. Permit the hiring of employees on anything but the job related qualifications;
3. Permit decisions to be made without appropriate involvement of the staff impacted;
4. Allow staff to be uninformed of the CEO’s interpretation of their protections under this policy;
5. Allow staff to be unprepared to deal with emergency situations.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012		Revised:
Chair of the Board		Secretary of the Board



POLICY STATEMENT

Budgeting and financial planning, which includes the investments, operating and capital (land, buildings and equipment) budgets for any fiscal year or the remaining part of any fiscal year shall not deviate materially from Board’s Ends priorities and policies, risk financial jeopardy, or fail to be derived from the multiyear Strategic Plan.

Accordingly, the CEO shall not cause or allow budgeting which:

1. Has not been approved by the Board of Directors;
2. Risks incurring those situations and conditions described as unacceptable in board policy “Financial Condition and Activities”;
3. Omits credible projection of revenues and expenses, cash flow, separation of capital (land, buildings and equipment) and operating items, and disclosure of planning assumptions;
4. Fails to demonstrate the relationship between the proposed budget and the Ends priorities for the year;
5. Fails to provide funds the Board requires to fulfill the cost of Governance policy.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012		Revised:
Chair of the Board		Secretary of the Board



POLICY STATEMENT

With respect to the actual ongoing condition and activities, the CEO shall not cause or allow the development of fiscal jeopardy, or a material deviation of actual expenditures from Board priorities established in ENDS policies.

Accordingly, the CEO shall not:

1. Expend more funds, with the exception of claims payments, than have been received or are reasonably expected to be received in the fiscal year unless appropriate authorizations have been received by the Board of Directors;
2. Plan to use or use or distribute any equity to Subscribers for other than their designated purposes without the prior approval of the Board of Directors;
3. Allow that incomplete and inaccurate financial records by funds and accounts are maintained and inconsistent with applicable accounting standards;
4. Allow any reports or filings required by any provincial or federal agency to be overdue or incorrectly filed;
5. Prevent access to any information or explanations that in the auditor's opinion may be necessary to enable the auditor to report as required by legislation;
6. Allow untimely notice to the Board of Directors of any significant deviations or projected deviations in either the income or expenditures in the approved budget, including projected deficits and strategies for financial or regulatory compliance;
7. Operate without procedures for timely billing and active pursuit of receivables after a reasonable grace period;
8. Allow untimely payment of payroll and debts;



POLICY STATEMENT

9. Make purchases without exercise of prudent judgment and ethical and due consideration of sound financial and procurement practice.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

The CEO shall not allow assets to be unprotected, inadequately maintained, inappropriately used or exposed to unnecessary risk. Accordingly, the CEO shall not:

1. Permit the organization to be without insurance against theft and property losses toward replacement value and against liability losses to the organization itself, the Board of Directors, individual board members or staff;
2. Subject facilities and equipment to improper wear and tear or insufficient maintenance;
3. Unnecessarily expose OSBIE, the Board of Directors or its staff to claims of liability, costs or damages;
4. Allow unbonded personnel access to material amounts of funds;
5. Make any purchase or commit the organization to any expenditure of greater than \$100,000 except those that relate to investments, claims and reinsurance transactions. Splitting or dividing the purchase of goods or services in order to avoid exceeding this operational limit is prohibited. The Board of Directors' approval of the operating budget cannot be construed to be specific Board approval;
6. Operate without reasonable safeguards to protect intellectual property, information, corporate data and files from loss, significant damage, or unauthorized access;
7. Receive, process or disburse funds under internal controls that are insufficient to meet the Board appointed auditor's standards;
8. Acquire, encumber or dispose of real property for own use;
9. Endanger OSBIE's public image, credibility, or its ability to accomplish ENDS



POLICY STATEMENT

10. Permit the organization to be without the levels of capital and reinsurance necessary for adequate protection of its assets as set out in OSBIE’s Capital Management Guideline.

The structure and costs of reinsurance and retention levels must be reported to the Board on an annual basis.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised: December 7, 2012	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

It will be the primary objective of OSBIE to assure adequate liquidity to meet its insurance obligations. OSBIE will seek to achieve the reasonable rate of return, consistent with its liquidity needs, and a minimum exposure of loss of principal. The Board hereby delegates to the CEO the responsibility to manage OSBIE's investment portfolio subject to the Investment Policy which consists of the Global Ends Policy and the Investment Guideline.

Accordingly, the CEO shall not:

1. Manage the investment portfolio without an Investment Guideline approved by the OSBIE's Audit Committee that is consistent with the Board governance policies and outlines the detail of how the investment portfolio will be managed and monitored.

Investment Guideline will adopt a prudent portfolio approach for the purposes of managing investment risk, to optimize potential returns within acceptable risk parameters as to ensure the safekeeping of Subscriber members' funds. The Guideline must be designed to:

- a) Establish investment principles and guidelines that meet the needs and objectives of OSBIE and its Subscribers as to ensure that funds:
 - i. are invested wisely with due fiduciary care.
 - ii. are safe and held securely to minimize risk of loss and to preserve capital.
 - iii. earn appropriate returns commensurate with the level of risk in order to achieve an attractive rate of return and to earn a reasonable yield
 - iv. remain liquid enough to be accessible to handle OSBIE's claims by matching the duration of the assets to the duration of the related liabilities
- b) Set out the structure for the management of those assets;
- c) Outline the criteria and procedures for measuring, monitoring and evaluating investment performance
- d) Identifying the key roles and responsibilities relating to the ongoing management of the investment assets;



POLICY STATEMENT

2. Violate fiduciary requirements, conditions, and limitations described in laws and regulations applicable to OSBIE and in OSBIE's Investment Guideline.
3. Invest the assets of the organization in a manner that is inconsistent with the asset allocation mix and any strategic (within class) allocation of the portfolio as determined in the Investment Guideline as set forth in the Global Ends policy.
4. Fail to perform an asset allocation/liability study at least every year based on actuarial expectations and to report the results of that study to the Board.
5. Fail to provide quarterly investment performance reports to the Board that show performance of the total portfolio based on the established benchmarks.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

The CEO shall not permit the organization to be without sufficient organizational capacity, including familiarity with board and CEO issues and processes, to enable an internal interim successor to continue competent operation of the organization in the event of sudden loss of CEO services. Accordingly, the CEO shall not:

1. Allow the designation of fewer than two senior managers to perform the services of the CEO in the case of a short-term (less than six months) absence;
2. Operate without a written procedure for dealing with short-term (less than six months) or prolonged absence of the CEO.

In the event of a prolonged absence, the Chair of the Board may select an individual among the senior managers to serve as the Acting CEO responsible for carrying out the CEO’s duties under the governance policies until such time as the board selects a new CEO and that person assumes the position on a full time basis. If necessary, the Chair of the Board will inform Key Stakeholders of a loss of CEO services as soon as possible.

In the event of a vacancy or the sudden loss of the CEO, the Board of Directors shall approve an Ad Hoc Search Committee to coordinate the recruitment and selection process approved by the Board. The Committee shall employ a search firm to perform a search for candidates to succeed the CEO. The Committee shall interview a minimum of three candidates recommended by the search firm as well as any other candidates the Committee as a whole agrees to consider. All candidates considered by the Committee must meet the qualifications as described in the Board approved job description for the position of CEO.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	



POLICY STATEMENT

With respect to employment, compensation and benefits to employees, consultants, and contract workers, the CEO shall not cause or allow jeopardy to the Board of Directors’ fiscal integrity or public image. Accordingly, the CEO shall not:

1. Change his or her own compensation, benefits, perquisites or any other element of the total compensation package. The Executive Committee is in charge of evaluating the CEO performance and recommends to the Board the pay and compensation structure of the CEO which are subject to the Board’s approval;
2. Fail to receive Board of Directors approval for changes to the staff incentive pay structure;
3. Establish compensation and benefits which:
 - a) Deviate materially from geographic and external market comparisons to the insurance and financial services industry, and;
 - b) Cause unreasonable liabilities to occur or in any way commit the organization to benefits which generate unpredictable and unfunded future costs, and;
 - c) Provide less than some basic level of benefits to all permanent and probationary full-time employees.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012		Revised:
Chair of the Board		Secretary of the Board



POLICY STATEMENT

The CEO shall not permit the Board of Directors to be uninformed or unsupported in its work. Accordingly, the CEO shall not:

1. Present information in a form without differentiating among three types of information: monitoring, decision making and incidental interest.

2. Allow the Board to be without:
 - a) Adequate information to support Board informed decisions, including relevant environmental scanning data, a representative range of staff and external point of view, and significant issues, events or changes in the environment which may have a bearing on existing policies along with alternative choices and their respective implications;
 - b) Relevant monitoring data required by the Board in the Board-Management Delegation policy “Monitoring the CEO Performance”, directly addressing provisions of Board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy “Delegation to the CEO” and evidence of compliance;
 - c) Information regarding significant and relevant changes in provincial or federal legislation, government policy, accounting policy and practices and the impact that those changes will have on OSBIE;
 - d) Information regarding all civil or criminal charges laid or about to be laid by or against the Board of Directors and staff of OSBIE, all significant proceedings before boards, tribunals or agencies, statutory investigations, and significant internal investigations;
 - e) Information regarding changes to the administrative guidelines and programs of OSBIE;
 - f) Information regarding anticipated adverse or significant media coverage; and
 - g) All items delegated to the CEO that are required by law, regulation or contract to be approved by the Board of Directors, along with adequate monitoring information (Consent Agenda).



POLICY STATEMENT

3. Allow the Board of Directors to be unaware:
 - a) If in the CEO opinion, the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation policy, particularly in the case of Board of Directors' behaviour that is detrimental to the working relationship between the Board and the CEO; and
 - b) In a timely manner, of actual or anticipated non-compliance with any policy of the Board of Directors and with relevant regulatory agencies.

4. Allow the Board to be without:
 - a) A communication mechanism for official Board, officer or committee communications, which may include linkages with stakeholders;
 - b) Legal opinions, advice and representation to the Board of Directors; and
 - c) Expertise in the Board's role of developing governance policies.

5. Deal with the Board in a way that favours or provides privileges to certain board members over others, except when:
 - a) Fulfilling individual request for information; or
 - b) Responding to officers or committees duly charged by the Board.

6. Allow the Board to be without reasonable administrative support for Board activities.

Monitoring:	Method:	Frequency:
Approval Date: February 10, 2012		
Effective Date: February 10, 2012	Revised:	
Chair of the Board	Secretary of the Board	