



Board Governance Policy

Approved by Board of Trustees
February 7, 2017

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I. SCOPE

This Policy sets forth the goals and objectives of the board and identifies the routine elements of board governance that support the broader goals and objectives. The full extent of the board's authority is outlined by the ICRMP Joint Powers Agreement.

II. PURPOSE

The purpose of this Policy is to document how program goals and objectives are supported by board governance actions and how these actions provide Program continuity, for current and future staff, and for board members responsible for ICRMP's governing policies

III. GOALS AND RESPONSIBILITIES

- A. Establish and monitor the program's mission and purpose.** From its initial days as a buying combine for commercial insurance coverage for county members, ICRMP has transformed into a largely self-supported, self-directed provider of risk management services and insurance coverage for a broad variety of Idaho political subdivisions. The Board continues to bear ultimate responsibility for charting the Program's course on behalf of the hundreds of Members who have grown to rely on it.
- B. Approve and monitor strategic direction and goals developed by the Executive Director.** While the Executive Director has the responsibility for developing strategies that best serve the risk management needs of Members, approval of strategic direction resides with the ICRMP Board of Trustees.
- C. Select, support, and hold accountable the Executive Director.** The Executive Director of ICRMP serves at the pleasure of the Board of Trustees. The Board has established the objective qualifications and attitudes that comprise the job description for the Director's position. When changes of administrative leadership are deemed necessary it is the Board that decides when to proceed with a change, and it is the Board that interviews candidates for the Program's top administrative position and makes the final selection. Subsequent review steps during the course of each year lead the Board to evaluate the Director's performance in several specific subject areas and overall. The Board of Trustees addresses the subject of executive succession by periodic discussion and action establishing a policy framework to guide the Program whenever a vacancy occurs in the Executive Director's position. Current policy sets standards for engagement of a consultant to assist in the quest for replacement candidates, procedures to install interim leadership and protocols for communication of contacts and interests associated with the replacement process.
- D. Ensure the financial integrity of the program.** The ICRMP Board is responsible for overseeing the financial well-being of the Program. The Board has sole

discretion in selection and retaining of an independent Certified Public Accounting firm, a qualified Actuary, and an Investment Advisor.

E. Support and enhance the Membership's and the public's confidence in the program. ICRMP Board members regularly meet with county and city elected officials at their district and statewide meetings and encourage Program staff to meet with Members from all constituent membership groups to provide training concerning risk management and inform members about the purpose and function of the Program. The Board strives to encourage ICRMP staff members to support improved service delivery by developing resources to aid in performance of basic governmental functions.

F. Represent the Members' interest in governance decisions. Board members are all elected officials of ICRMP Member entities. As such, they persistently interact with their peer local officials and hear feedback about Program activities. Because Board members receive no personal compensation for their service beyond a nominal stipend intended to reimburse for expenses incurred, they have no material incentive to pursue self-interest in their Board service. By virtue of the Board-adopted dispute resolution procedure, appeals of internal administrative decisions that affect Members ultimately are decided by the Board. The multiple interfaces between Board members and the officials of Member local governments seek to assure that Board members do not become isolated from the leaders of the Program's Members.

G. Approve and maintain an understanding of operational policies and their effect on the program. Basic internal policies have been developed and documented by administrative staff and have been reviewed, both initially and as a consequence of proposed revisions, by the Board of Trustees. The policies address the following topics and will be subject to periodic Board review and approval:

- Board Governance Policy
- Personnel Policy
- Technology Systems Policy
- Public Records Request Policy
- Records Retention Policy
- Business Continuity Policy
- Code of Ethics
- Investment Security Policy
- Travel and Credit Card Use Policy
- Invoicing Policy
- AED Policy
- Confidentiality Policy and Agreement

IV. ROUTINE GOVERNANCE RESPONSIBILITIES

- A. Approval of meeting minutes.** Minutes of meetings of the ICRMP Board of Trustees are composed by the Board Secretary. The Board Secretary is designated by the Executive Director, subject to approval by the Board. Minutes of Board meetings are submitted for Board approval at the Board meeting that succeeds the meeting to which the minutes apply.
- B. Review current financials.** At most regularly scheduled meetings of the Board, the Controller presents a financial report that includes an operating budget update of revenues and expenses. On a quarterly basis, the Program's actuary provides an updated projection of the Program's claims liability.
- C. Review and approval of credit card transactions and operating cash disbursements.** Prior to the conclusion of any regular Board meeting all credit card charges that have been incurred and all operating cash disbursements since the prior regular Board meeting are reviewed by a Board member (typically the Board member with the most extensive experience in financial matters). That review is intended to identify any concerns with charges or disbursements that have been made. The Board typically moves to confirm the report of the examining Board member.
- D. Authorization of claim settlements over limits established by the Board.** The Board has established a confidential maximum threshold of claims settlement authority for the Executive Director of the Program. Any settlement authority above that amount, whether by negotiation, mediation or arbitration must have Board approval or be reviewed by the Board Chair and Vice-Chair, or their designated alternates in accordance with Board direction. In such matters the Board hears from the Claims Manager, and often from legal counsel defending the claim. In addition to such procedures for claims to be resolved by compromise, it is common practice to bring claims before the Board that are to be litigated, but have a potential value that exceeds the authorized administrative settlement threshold.
- E. Additional regular board meeting functions when required.**
- 1. Complete annual interest disclosure statement.** In accordance with state Insurance Department requirements, Board members are responsible to disclose any potential conflicting interests (including the fact that the public entities they serve are ICRMP Members) on the record. Such statements are kept as part of the records of the Program.
 - 2. Consider appeals from ICRMP members regarding insurance coverage.** ICRMP's Joint Powers Subscriber Agreement (JPA) provides a dispute resolution procedure that allows Members to contest administrative decisions before the Board. After having the claim described by the Executive Director or his designee the Member is given an opportunity to

present its case for coverage and to respond to questions from the Board. In conclusion, the Board renders a decision in writing that explains the rationale of its final determination. No appeal concerning denial of coverage may be taken to court without first exercising the appeal process provided by the JPA.

- 3. Review and approve disposal of program property.** In keeping with the rules applicable to many of the political subdivisions that are Members of ICRMP, disposal of outdated or expendable personal property must be authorized by the Board before it is sold at auction, traded in (in the case of cars) or otherwise transferred as authorized by law.
- 4. Review and approve destruction of records.** For those records of Program activity that are not classified as permanent records, the records retention policy approved by the Board requires that the Board either expressly authorize disposal of certain records or establish a policy that automates the disposal process for certain routine records. The Secretary of the Board is the authorized records custodian for ICRMP.
- 5. Hear legislative updates related to matters impacting the program.** ICRMP retains the services of a legislative adviser to monitor legislative activities that could affect the Program as a state-regulated insurer or that could affect the exposure of political subdivisions to expanded liability risks. Reports concerning legislative activities are typically delivered prior to convening of the legislature, during the legislative session and following its conclusion.
- 6. Address board vacancies as outlined by Joint Powers Agreement.** Whenever a Board member leaves a position on the Board other than through the ordinary election process, the remaining Board members are responsible to fill the vacancy in accordance with provisions of the JPA.
- 7. Selection and review of key staff.** Although the Executive Director is vested with authority to select and discharge Program staff, the Board reserves to itself the prerogative of approving designation or dismissal (removal) of the Program's Secretary or Controller. Additionally, the Board retains the authority to evaluate performance of all staff members in whatever capacity they might serve and to communicate its determinations in that regard to administrative staff or Program officials as it deems appropriate.

V. REGULAR BOARD MEETING FUNCTIONS

Along with both unscheduled and routine business items brought to the agenda for board consideration, the annual calendar of board-considered issues typically includes the following:

A. FEBRUARY

1. **Elect board officers.** Board officers are elected by Board members on a biennial basis.
2. **Review and sign conflict of interest statements.** In accordance with state Insurance Department requirements, Board members are responsible to disclose any potential conflicting interests (including the fact that the public entities they serve are ICRMP Members) on the record. Such statements are kept as part of the records of the Program.

B. APRIL

1. **Presentation and acceptance of annual financial audit.** The Board-approved independent auditor presents the annual audit report in an open meeting followed by a question and answer period. The Executive Director excuses staff and himself to allow discussion of the findings and results to occur directly between the auditor and the Board. The Board then moves to accept the auditor's report as submitted or corrected.
2. **Meet with Board-approved actuary.** The Program's actuary presents an annual report to the Board, explaining variables that affect the trends and needs related to Program loss reserves and long-term value of current and future claims. Board members question the actuary concerning the annual report and include the actuary in its private conference with the auditor.
3. **Review and accept actuary's annual report.** After review of the annual actuarial report and participation in discussions with the Program's independent auditor, the Board will discuss the contents of the actuarial report and entertain a motion to accept the report as submitted (or corrected).
4. **Review financial performance reports prepared by independent consultant.** In addition to the annual audit and actuarial report, the Board may engage the services of an insurance (underwriting) consultant to assist with rate structuring in order to generate sufficient revenues to sustain the Program and to properly allocate program costs among Members. The work of the Program's insurance consultant aids in integrating financial and actuarial data to arrive at Member contribution rates that will perpetuate the Program's existence.
5. **Establish membership contribution rates.** Because the fiscal year for most ICRMP Members begins on October 1 (schools begin July 1), the annual Member budget process begins during May or June of the calendar year. Members need to know contribution amounts no later than June in order that they might have a budget finalized in the month of August.

Accordingly, with the assistance of staff advisers, the Board will consider audit and actuarial information and other measures of program costs in order to provide an annual quote for inclusion in budget development activities. After consideration of funding options the Board will approve a motion adopting a Member contribution methodology that will prove compatible with underwriting information the Program has gathered. Such methodology shall provide the Executive Director with a measure of underwriting discretion to address factors outside the formulas approved by the Board of Trustees.

- 6. Ratify investment transactions.** ICRMP's investment adviser is given authority to execute investment transactions pursuant to the Investment Security Policy adopted by the Board. In order to maintain a balance between flexibility and accountability, the Board has reserved to itself the responsibility to review and affirm all investments made by the Program's investment adviser. Records of investment reviews are noted in the minutes of Board meetings.

C. JULY

- 1. Consider long-term planning and development issues related to program operations and any long term strategic goals.** This meeting provides an opportunity for the Board and Program staff to discuss strategic initiatives in addition to conducting regular business activities. Consulting resources may also be made available to address specific topics that are identified.
- 2. Receive reports from staff on various operations within the program.** This meeting also allows staff reports that address time frames more lengthy than the typical meeting. Doing so permits trends to be identified and progress to be measured in light of long-term standards of measure.
- 3. Review ICRMP Multi-Lines Insurance Policies for members.** Beginning January of each year a staff committee begins working on revisions or refinements to the insurance policy then currently in force. The review involves contact with Program consultants and reinsurers. In the course of succeeding months staff refines the policies with highlights of proposed changes that are presented to the Board for review.

D. SEPTEMBER

- 1. Ratify reinsurance/excess insurance procurement.** Many of the Program's reinsurance/excess insurance contracts span several years. As contracts expire, the Program's broker, and the administrative staff of the Program explore the marketplace to procure coverage extensions or replacement coverage. At this meeting each year the Board reviews

recommendations from the Executive Director concerning contract options and ratifies the contract choices it believes to be in the best interests of the Program's Members.

E. DECEMBER

- 1. Review and approve annual salary and benefits of staff.** The Executive Director proposes employee compensation for the succeeding budget year during this meeting of the Board. After personnel compensation is determined pursuant to Board discussion, the proposed budget is prepared for Board approval.
- 2. Review and adopt annual operating budget.** The proposed budget for the succeeding year is presented by the Executive Director, is discussed and is approved by resolution of the Board.
- 3. Review and approve program operating policies.** Program staff presents any operating policy changes deemed to be in need of revision and after Board discussion, such policies are modified going forward.
- 4. Ratify board election results.** The election process for Board members is carried out by Program staff in accordance with terms of the JPA. When election results have been compiled they are presented to the Board for review and confirmation.
- 5. Establish board calendar for the following year.** The Executive Director proposes a Board meeting calendar for the succeeding year that is reviewed and approved by Board action.

VI. IDAHO DEPARTMENT OF INSURANCE TRIENNIAL EXAM

- A. Meet with Idaho Department of Insurance Examiner as requested.** The external examiner engaged by the Idaho Department of Insurance schedules interviews with Board leadership as the examiner determines necessary.
- B. Review and approve staff response to any triennial exam recommendations or required actions.** The Executive staff of the Program reviews recommendations contained in the triennial exam and presents potential responses to the Board of Trustees for their consideration and ultimate approval.
- C. Review and accept triennial exam report.** When the triennial exam report is received, it is reviewed in a Board meeting and accepted or a response is shaped as a matter of Board business. Any residual disagreements with the examiner's recommendations are noted in Board minutes and communicated to the Department of Insurance, as appropriate.

VII. EXPENSES OF BOARD SERVICE

In order to avoid imposing disproportionate costs upon ICRMP Members whose public officials provide governance of the ICRMP Program, Board members are authorized to submit requests for reimbursement of mileage expenses incurred as a result of travel to in-person meetings of the ICRMP Board. ICRMP will pay travel related expenses for Board members. In addition, an expense stipend of \$100 per day will be paid to board members present for the bulk of any meetings. No stipend or expense payments shall be made for meetings attended by telephone. Board members may only seek mileage reimbursement and compensation payments from ICRMP when mileage and expenses related to ICRMP meetings are not, or will not be, paid or reimbursed by the public agency for whom the Board member is an elected official.

Ongoing training and educational development, related to governmental pooling operations, has been determined by the board to be a valuable objective for individual board members. Attending training and conferences designed to educate and inspire effective board governance is encouraged. Reasonable expenses related to travel and attendance at such conferences as those offered through the Association of Governmental Risk and Insurance Pools (AGRiP) will be paid by the program.

VIII. ACKNOWLEDGEMENT

ACKNOWLEDGEMENT OF RECEIPT OF ICRMP BOARD GOVERNANCE POLICY.

I, _____, acknowledge receipt of the ICRMP Board Governance Policy, approved February 7, 2017.

DATED this _____ day of _____, 20_____.

(Trustee Signature)