

# **CORPORATE GOVERNANCE ANNUAL DISCLOSURE STATEMENT**

File with the

**ILLINOIS DIRECTOR OF INSURANCE**

By

**(INSERT INSURER OR INSURANCE GROUP NAME)**

**(INSERT INSURER OR INSURANCE GROUP ADDRESS)**

**(INSERT DATE)**

Name, title, address, and telephone number of the individual to whom notices and correspondence concerning this Statement should be addressed:

**(INSERT NAME)**

**(INSERT TITLE)**

**(INSERT COMPANY NAME)**

**(INSERT ADDRESS)**

**(INSERT TELEPHONE NUMBER)**

**(INSERT FAX NUMBER)**

**(INSERT EMAIL ADDRESS)**

## A. Introduction

This Corporate Governance Annual Disclosure (CGAD) is filed by **(INSERT INSURER OR INSURANCE GROUP NAME)** to set forth information with respect to the Company's corporate governance framework, policies, practices and related matters, as required by 215 ILCS 5/Article VIII.33.

This CGAD and any accompanying CGAD-related information are privileged and shall be given confidential treatment pursuant to 215 ILCS 5/130.6.

Pursuant to 215 ILCS 5/130.4(d), disclosures in this Statement are made with respect to **(INSERT INSURER OR INSURANCE GROUP NAME)** at the **(INSERT LEVEL AT WHICH THE CORPORATE GOVERNANCE ANNUAL DISCLOSURE IS COMPLETED. CHOOSE FROM THE 3 OPTIONS BELOW OR INDICATE WHETHER A COMBINATION OF LEVELS WAS CHOSEN)**:

- 1) The ultimate controlling parent level, or
- 2) An intermediate holding company level, or
- 3) The individual legal entity level.

The level (or combination of levels) of disclosure above was chosen based upon **(IDENTIFY WHICH OF THE 3 CRITERIA WAS USED TO DETERMINE THE LEVEL OF DISCLOSURE. CHOOSE FROM THE 3 OPTIONS BELOW)**:

- 1) The level at which the insurer's or insurance group's risk appetite is determined, or
- 2) The level at which the insurer's or the insurance group's earnings, capital, liquidity, operations, and reputation are collectively overseen and supervised, or
- 3) The level at which legal liability for failure of general corporate governance would be placed.

**(IF APPLICABLE, INCLUDE A BRIEF EXPLANATION OF CHANGES TO THE LEVEL OF REPORTING OR CRITERIA FOR DETERMINING THE LEVEL OF REPORTING FROM THE PRIOR YEAR'S CGAD FILING).**

## B. Corporate Governance Framework

Describe the insurer's or insurance group's corporate governance framework and structure including consideration of:

The Board and various committees thereof ultimately responsible for overseeing the insurer or insurance group and the level(s) at which that oversight occurs (e.g. ultimate controlling level, intermediate holding company, legal entity, etc.);

The rationale for the current Board size and structure;

The duties of the Board and each of its significant committees and how they are governed (e.g. bylaws, charters, informal mandates, etc.); and

How the Board's leadership is structured, including a discussion of the roles of the Chief Executive Officer and Chairman of the Board within the organization.

### **C. Board Policies and Practices**

Describe the policies and practices of the most senior governing entity and significant committees thereof, include a discussion of:

**How** the qualifications, expertise, and experience of each Board member meet the needs of the organization;

**How** the appropriate amount of independence is maintained on the Board and its significant committees;

The number of meeting held by the Board over the last year, including each Board member's attendance record;

How the insurer or insurance group identifies, nominates and elects members to the Board and its committees. Examples of information that should be included:

Whether a nominating committee is use;

Whether term limits are placed on directors;

How the election and re-election processes function; and

Whether a Board diversity policy is in place and if so, how it functions.

Describe the processes in place for the Board to evaluate its performance and the performance of its committees; and

Discuss any recent measures (training programs, etc.) taken to improve performance of the Board and/or committees.

### **D. Practices for Directing Senior Management**

Describe the policies and practices for directing senior management, including a description of:

Any processes and practices (i.e. suitability standards) to determine whether officers and key persons in control functions have the appropriate background, experience and integrity to fulfill their roles, including:

Identification of the specific positions for which suitability standards have been developed and for each position, provide a description of the standards employed; and

Any changes in an officer's or key person's suitability as outlined in the insurer's or insurance group's standards and procedures to monitor and evaluate such changes.

The insurer's or insurance group's code of business conduct and ethics. Including consideration of:

Compliance with laws, rules and regulations; and

Proactive reporting of any illegal or unethical behavior.

The insurer's or insurance group's processes for performance evaluation, compensation, and corrective action to ensure effective senior management including the general objectives of significant compensation programs and what the programs are designed to reward. Elements to be discussed may include:

The Board's role in overseeing management compensation programs and practices;

The elements of compensation awarded in the compensation programs and how the insurer or insurance group determines and calculated the amount of each element of compensation;

How compensation programs are related to both company and individual performance over time;

Whether the compensation programs include risk adjustments and how those adjustments are incorporated into the program for employees at different levels;

Any "clawback" provisions built into the programs to recover awards or payments if the performance measures upon which they are based are restated or otherwise adjusted; and

Any other factors relevant in understanding how the insurer or insurance group monitors its compensation policies to determine whether its risk management objectives are met by incentivizing its employees.

The insurer's or insurance group's plans for CEO and senior management succession.

## **E. Critical Risk Areas Impacting Business Activities**

**(Examples of critical risk areas include risk management processes, actuarial function, investment decision-making processes, reinsurance decision-making processes, business strategy, finance decision-making processes, compliance function, financial reporting, internal auditing, market conduct decision making processes.)**

Describe the processes by which the Board, its committees and senior management ensure an appropriate amount of oversight to the critical risk areas impacting the insurer's business activities. For the critical risk areas identified by the insurer or insurance group, include a discussion of:

How oversight and management responsibilities are delegated between the Board, its committees, and senior management;

How the Board is kept informed of the insurer's or insurance group's strategic plans, the associated risks, and steps that senior management is taking to monitor and manage those risks;

How reporting responsibilities are organized for each critical risk area; and

The frequency at which information on each critical risk area is reported to and reviewed by senior management and the Board.

## **F. List of Exhibits**

To the extent the insurer or insurance group has chosen to include documents, if any, that supplement this disclosure, the following list contains all the Exhibits attached to this CGAD:

Exhibit A **(INSERT TITLE OF EXHIBIT A)**

Exhibit B **(INSERT TITLE OF EXHIBIT B)**

## G. Signature and Certification

### SIGNATURE

Pursuant to the requirements of 215 ILCS 5/130.4, **[INSERT COMPANY NAME]** has caused this CGAD to be duly signed on its behalf in the City of **(INSERT CITY NAME)** and State of **(INSERT STATE NAME)**, on the **(INSERT DAY)** day of **(INSERT MONTH)**, **(INSERT YEAR)**.

**(INSERT COMPANY NAME)**

By: \_\_\_\_\_

**(INSERT NAME)**

**(INSERT TITLE)**

Attest:

\_\_\_\_\_

### CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached CGAD, dated **(INSERT DATE)**, for and on behalf of **(INSERT COMPANY NAME)** and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief. Deponent hereby certifies that **(INSERT COMPANY NAME)** has implemented corporate governance procedures and that a copy of this CGAD has been provided to **[BOARD OF DIRECTORS OR APPROPRIATE COMMITTEE]**.

\_\_\_\_\_  
**(INSERT UNDERSIGNED NAME OF CEO OR CORPORATE SECRETARY)**