

## Overview of February 2009 Governance Policy Changes

### 1.0 Responsibility

Insertion refers back to a fuller description of history and responsibility that is outlined in the CIS Trust Agreement.

### 1.1 Role

1<sup>st</sup> sentence deleted. History is stated in Trust Agreement and incorporated by reference in 1.0.

Capital "M" substituted for small "m" when referencing Members throughout the document

### 1.2. Linkage to Members

Addition of "plans" to acknowledge employee benefits plans are part of CIS offerings

### 1.2A Member Driven

Clarification that what was referred to as the CIS Trust is now, under the new Trust Agreement called the "CIS Property/Casualty or P/C Trust"

### 1.4D Board Members

Statement of fact, rather than expectation (revised form reflecting new Trust Agreement will be available for Trustees to sign)

### 2.3B Frequency

Clarifying changes

### 3.4A(2)

Deleted. Section 3.3D already describes the conditions under which funds of separate trusts may be comingled. This section deals with what is now the CIS P/C Trust. In earlier years, each line of coverage, i.e. property, liability, workers' compensation stood alone and rates increased or decreased solely on the experience of that line. More recently, pricing stability has been introduced by focusing on total pricing for all lines and allowing good experience in one line to offset the need for increases in a line which had experienced higher than anticipated losses. Since the executive director submits decisions on rates to the Board for action, this limitation on executive action is redundant.

### 3.4B Bonding

Deleted. Section 3.4C(1) addresses the requirement to cover staff against theft, which we do through by purchasing Crime and Faithful Performance of Duties coverage through our own program.

### Implementing the Boards Vision

Deletion of reference to the Administrative Trust and insertion of "CIS" and "Trust". Recognition that we have Members who are also Owners, hence "Member-Owner".

#### 4.1A(2)

Recognizes the possibility that benefits plans can be provided as self-insured or as group purchase programs

#### 4.2. Risk Management

Acknowledges that we “assist” members to aggressively manage risk

#### 4.2A(1)

Deletes specific reference as previous sentence provides sufficient direction and focus

#### 4.3A Joint Self-Insured Pools

Adds “joint” to recognize that Members are jointly self-insuring. Recognizes that the Board sets “reserve” levels. i.e. how much is needed, as opposed to “surplus” levels, i.e. how much is left over.

#### 4.3B Group Purchase Programs

Deletes reference to employee benefits trust’s as some programs in those trust’s may now be provided as joint self-insured offerings rather than group purchase.

#### 4.4C Risk Management Advisors/Local Agents

Recognizes Risk Management Advisors as a preferred brand of local agent and encourages local agents to secure that designation from CIS by restricting our offer of collecting a commission-type payment to RMA’s only.

Noel Klein  
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