

## 1.18 POSITION DESCRIPTION: Penn Millers Board Member

### The Board's Fiduciary Duties

A fiduciary is a person entrusted with assets owned by another party (the beneficiary), and is responsible for seeing that those assets are managed in the beneficiary's best interests.

A governing board's fiduciary duties are grouped under three categories:

- **A duty of obedience** to the purpose of the organization, a duty that should be demonstrable in all the board's decisions.
- **A duty of loyalty**, to act based on best interests of the organization and the constituencies it serves, not the personal interests of a board members or the narrow interests of a single constituency group. The duty of loyalty is the basis of the board's policies on conflict of interest and confidentiality.
- **A duty of care**, to be diligent in carrying out the work of the board by preparing for and attending meetings, participating in discussions, asking questions, making sound and independent business judgments, and seeking independent opinions when necessary. The board is entitled to rely on information and recommendations from both outside experts and from management, so long it engages in an independent and careful review prior to taking action.

### The Board's Primary Roles

The role of the board is to govern, not manage, the organization. To that end, the board carries out four roles:

- Approve the organization's goals and priorities
- Make major policies and decisions to support the organization's goals
- Oversee performance and exercise accountability for results
- Ensure that strong relationships are developed with the organization's policyholders, employees, agents and brokers.

### Responsibilities of the Board

1. **Provide for excellent management.** Select, support, advise and evaluate the chief executive officer.
2. **Executive compensation and development.** Approve an executive compensation and development philosophy and program for the CEO and other senior executives. Approve annual and incentive compensation for the CEO.

3. **Policy making.** Approve and periodically review major policies affecting the organization and the operation of the board.

4. **Approve strategic direction and monitor performance.** Approve the organization's mission, core values, vision, and long-range strategic plan. Review and approve the annual strategic plan update, major transactions and significant new programs and services for consistency with the strategic direction. Monitor organizational performance against strategic goals.

5. **Ensure financial viability and integrity.** Approve long-range financial goals and a long-range financial plan. Approve the annual operating budget and capital budget for consistency with the mission and long-range financial goals. Monitor performance versus budgetary goals. Approve investment policies and monitor performance. Oversee the external and internal audit processes.

6. **Monitor quality and customer service excellence compared to benchmarks.** Review annual plans and goals for quality and customer service excellence, and monitor performance.

7. **Build relationships.** Support the CEO in building relationships and support the organization's policies with shareholders, policyholders, employees and members of the community.

8. **Ensure board effectiveness.** Elect members of the board. Establish an effective structure for the conduct of board business. Ensure the effectiveness of board governance through regular self-assessment and continuous improvement.

### **Performance Expectations for Board Members**

1. **Accountability.** A Board member is ultimately accountable to act in the best interests of the organization and its mission. The Board member carries out his or her responsibilities in recognition of a fiduciary responsibility and does not act based on self-interests or the interests of any constituency or individual.

2. **Exercise of authority.** A Board member carries out the powers of his or her office only when acting as a voting member during a duly constituted meeting of the Board or one of its appointed bodies. A Board member respects the responsibilities delegated by the Board to the CEO and management avoiding interference with their duties but insisting upon accountability and reporting mechanisms for assessing performance.

3. **Chain of command.** If a member of the community, policyholder or employee brings a specific issue, concern or complaint to a member of the board, the board member should handle it through appropriate channels. In general, complaints and concerns should be directed to the CEO. Unresolved, significant complaints and concerns should be brought to the Board, or to the appropriate Board committee, only after pursuing other avenues for resolution.

4. **Attendance.** A Board member regularly attends Board meetings, assigned committee meetings, and Board retreats. All board members are expected to serve on one or more committees.

5. **Participation.** A Board member comes to meetings prepared, asks informed questions, and makes a positive contribution to discussions. A Board member treats others with trust and respect.

6. **Confidentiality.** A Board member does not disclose proprietary, sensitive or personnel related information.

7. **Public support.** The Board member explains and supports the decisions and policies of the Board in discussions with outsiders, even if the Board member voiced other views during a Board discussion. This expectation is not intended to limit a board's member's fiduciary obligation to speak out if he or she believes the board has failed to fulfill its legal or ethical responsibilities.

8. **Conflict of interest.** The Board member avoids conflicts of interest and fully complies with the board's conflict of interest policy and other policies on individual conduct.

9. **Education.** The Board member takes advantage of opportunities to be educated and informed about the Board, the organization, and the property/casualty insurance field.

10. **Self-evaluation.** The Board member participates in the self-evaluation of the Board and individual members.

11. **Personal integrity.** The Board member abides by a high standard of ethical behavior. In the event of a change in the Board member's employment, or any event that may call into question the Board member's integrity, the Board member shall offer his/her resignation to the Chairman of the Board or the Governance Committee.

12. **Courtesy & Civility.** Board members, while fulfilling their fiduciary duty, will treat fellow Board members, management and employees with respect and will conduct themselves in a polite and tactful manner.