



GOVERNANCE COMMITTEE **CHARTER**

Committee Purposes

1. To collaborate as regulators from Compacting States to develop recommendations for consideration, approval, and adoption by the Management Committee and/or the Interstate Insurance Product Regulation Commission (Insurance Compact Commission).
2. To promote best practices for overall good governance and encourage effective leadership through the integration of planning, management, and quality improvement.
3. To manage the preparation and implementation of the recommendations from the independent governance review and business assessment.
4. To ensure that appropriate alternative goals and objectives are available to the Management Committee and the Insurance Compact Commission including reviewing economic, social, industry, marketplace, regulatory and legislative trends that may affect the organization's mission.
5. To maintain the Bylaws, Code of Ethics and procedural guidelines for Commission roles and responsibilities of Members and their designated representatives.

Committee Composition

1. For 2023, the Governance Committee consists of 6 Compacting States appointed in accordance with the *Guidelines for Composition, Procedures, Duties and Tenure of Committees Established Under Article VIII, Section 4 of the Bylaws of the Interstate Insurance Product Regulation Commission* ("*Committee Guidelines*").
2. Regulators in Compacting States not assigned to the Governance Committee may participate in all meetings of the Governance Committee except when the Governance Committee is in executive member-only session, as permitted under the Commission Bylaws.

Committee Responsibilities

1. Develop an annual work plan and calendar for the governance initiatives for the annual period.
2. Meet as often as needed to discuss and advance items on its work plan but not less than once each quarter. Meet periodically in executive sessions, including with members of management or outside counsel, as permitted under the Commission Bylaws.

March 24, 2023

3. Follow the *Committee Guidelines* to the extent applicable and practicable in carrying out Committee responsibilities.
4. Provide easy-to-follow notices, agendas, working drafts of recommendations, reports and other work product to facilitate the understanding of the nature of the items for discussion and the type of action requested.
5. Monitor and recommend best practices for overall good governance of the Insurance Compact Commission, including recommending relevant amendments to the Bylaws to strengthen and empower the Insurance Compact Commission in meeting its obligations related to good governance principles and abide by the organization's mission.
6. Review and approve Committee Charters and facilitate regular governance effectiveness reviews of the Management Committee, Insurance Compact Commission, and other committees.
7. Develop, and periodically review, written guidelines for and training on the roles and responsibilities of Commission members and their designated representatives as well as for members of the Management Committee and Chairs and Vice Chairs of the respective committees of the Insurance Compact Commission.
8. Review the Code of Ethics on a periodic basis and recommend updates as needed. Monitor the process for annual acknowledgement by Members and designated representatives with respect to review and compliance with the Code of Ethics.
9. Develop, and periodically review, a written policy for the immunity, indemnification and defense recognition and payment of expenses provided for under Article V., Section 5 of the Insurance Compact Statute and Article VI of the Bylaws.
10. Develop a Table of Decision Authorities as an internal control to track which decisions can be approved by their various governance functions.
11. Provide input on issues, questions, strategic planning, and other matters as requested by the Officers, Management Committee, and Insurance Compact Commission.

Committee Authority

1. The Governance Committee is authorized under Article VIII, Section 4 of the Insurance Compact Commission Bylaws.
2. The *Committee Guidelines* apply to the composition, procedures, duties, and tenure of the Committee.
3. In accordance with the Commission Bylaws, prior to making a recommendation for the Commission or Management Committee, the Governance Committee will hold at least one, and may hold more than one, public meeting that provides an opportunity for public comment on the proposed recommendation.

4. Prior to a public meeting of the Governance Committee, the Committee shall provide notice in accordance with the Commission Bylaws.

Reporting

1. The Governance Committee will report to the Insurance Compact Commission, and in certain circumstances, to the Management Committee.
2. The Governance Committee will provide its recommendation to the Insurance Compact Commission or the Management Committee for further notice, comment, and consideration as directed by the body receiving the recommendation.
3. The Governance Committee will provide regular reporting to the Insurance Compact Commission and Management Committee as applicable including providing written reports to be included in a Consent Agenda as applicable.

Annual Governance Effectiveness Survey and Evaluation

1. In December of each year (or earlier or later if applicable), the members and interested regulators of the Governance Committee shall complete a survey regarding the effectiveness of the Governance Committee activities, meetings, and support.
2. At one of the first three regulator-only meetings of an annual period, the Governance Committee will include an agenda item to discuss Committee Governance and Effectiveness Evaluation including review of survey results.
3. At one of the first three regulatory-only meetings of an annual period, the Governance Committee will adopt its annual workplan and calendar and, if needed, review and update its Charter.

2023 Workplan Goals

1. Review and approve annual governance calendar, committee survey results, committee charters
2. Develop/review and recommend roles and responsibilities for officers, committee leadership, Management Committee, members, and designated representatives.
3. Review Code of Ethics and adopt acknowledgment form for members and designated representatives.
4. Develop/review a written policy for immunity, indemnification and defense recognition and payment of expenses.
5. Develop and implement board governance training for Compact-equivalent of the “board of directors”