OHIO BUREAU OF WORKERS' COMPENSATION
FY 2009 – BOARD OF DIRECTORS SELF-ASSESSMENT

SUMMARY OF DIRECTOR RESPONSES

Dated: July 31, 2009

Rank the following questions on a scale from 1 – 5

Key: 1=Room for improvement 3=Satisfied 5=Area of considerable strength

Note: Following each rating table is a summary of individual director comments with respect to the rated topic.

The Governance Committee of the Board of Directors of the Ohio Bureau of Workers' Compensation (BWC) hereby submits, for consideration by the BWC Board of Directors, a summary of director responses to the self-assessment process voluntarily undertaken by the Board and related action steps. The self-assessment process included the use of a numerical rating system and input was solicited from all Board members. The summary reflects an overall numerical assessment rating for FY 2009 of 4.58 on a rating scale in which 5.0 = "Area of considerable strength" and 3.0 = "Satisfied." The overall rating for FY 2008 was 4.56 on this scale. The objective of the self-assessment process was for the Board to take time to be introspective and then use the individual Director responses to be proactive in recommending action steps in an effort to continuously improve the Board's processes and effectiveness.

1. I believe I am well informed about the BWC's:

	Rating
Mission and strategic plans	**4.7**
Insurance business	**4.3**
Actuarial soundness	**4.5**
Investment portfolio	**4.7**
Financial performance	**4.6**
Cumulative Rating	**4.6**

The cumulative rating for this item for FY 2008 was 4.2. The directors generally believe that the Administrator and staff are doing a very good job in providing information to the Board and are comfortable with the level of information received and that significant progress has been made in this regard on all fronts. Also noted were the responsiveness to specific questions of the Administrator and staff, as well as the helpfulness of the presentations by professionals of information and analysis to the Board. Further, the educational sessions conducted by the BWC staff and outside advisors have been very helpful to the Board. Some directors believe that the BWC could do a better job explaining the development of its strategic planning and providing insight as to how issues reach center stage and are implemented. It was also noted that improved competitive information on insurance premiums is very important.

2. I believe the information I am sent for Board and Committee meetings is:

	Rating
Timely	**4.4**
Complete	**4.1**
Understandable	**4.3**
Cumulative Rating	**4.3**

The cumulative rating for this item for FY 2008 was 4.3. The directors were generally very complimentary of the efforts of the Administrator and staff in providing complete and understandable information in the Committee and Board books in advance of the meetings. Although the improvements in providing information over the prior year were noted, the primary criticism centered on the timeliness of the information provided. On the one hand, given the amount of information provided and the unpredictable timing of certain issues coming before the BWC, it is understandable that some information may not be available until the meetings. On the other hand, it was noted that the most important decision-making information is usually received the latest, and that written documentation providing the rationale with respect to recommended actions is the most important information for pre-Board meeting reading, as opposed to power points, which are most helpful for in-meeting presentations. One director suggested, in order to remedy the occasions when significant parts of the board packet aren't provided for review prior to meetings, that this information be transmitted via e-mail or other appropriate means for review prior to meetings.

3. I believe I receive information of sufficient clarity and quality to enable me to understand BWC's business and financial risks.

Rating	**4.5**

The rating for this item for FY 2008 was 4.2. The comments on this item echo the responses to the prior item. The directors generally believe that the information provided is of sufficient clarity to enable them to understand the business and financial risks of the BWC and that the information is of excellent quality. One director expressed a concern that, while the Committee Chairs appear to understand what is going on at the Committee meetings, there are occasions where the Committee members or the other directors in attendance at the Committee meetings may not share that understanding.

4. I believe management's regular presentations on various aspects of the BWC's business are:

	Rating
Clear and understandable	**4.3**
Helpful in providing an accurate picture of the BWC's performance	**4.3**
Cumulative Rating	**4.3**

The cumulative rating for this item for FY 2008 was 4.7. The directors were generally very appreciative of the ability of the Administrator and staff to present information at board and committee meetings and tailoring their presentations to bring about a level of understanding necessary for the Board to adequately comprehend the issues. The improvements in this area were noted, as was the patience of the staff in their willingness to answer questions. The educational presentations and "deep dives" presented by the Chief of Fiscal and Planning in the Audit Committees and Board meetings with respect to the Enterprise Report were seen as indicative of the commitment the staff has to helping the Board understand the intricacies of the BWC. It was further noted that receiving stakeholders' comments with rule reviews is extremely helpful and that including opposing views and/or potential negatives, where applicable, in non-rule presentations would be appreciated. It was also noted that a better job could be done in advising the Board of how the overall strategic planning of the BWC is developed and how this translates into performance.

5. The process by which the Board evaluates the Administrator's performance works well.

Rating*	**4.9**

[***Note**: The 10 directors who participated in the evaluation process responded.]

The rating for this item for FY 2008 was 4.9. The directors were unanimous in the strong expression of satisfaction with the process by which the Board evaluated the performance of the Administrator for FY 2009. The process is seen as efficient and effective. In particular, the leadership of the Governance

Committee was commended, both with respect to the development of the evaluation form and the conducting of the process.

6. I believe the rationale for proposed Board and Committee actions is adequately explained prior to action being taken.

Rating	**4.3**

The rating for this item for FY 2008 was 4.4. In general, the directors believe that the rationale for proposed Board and Committee actions is explained well. It was noted, however, that occasionally more time needs to be given for explanation and questions on more complicated issues. In a similar vein, it was noted that the first and second reading of motions is extremely beneficial, but there are still times when more Committee time is needed to discuss and understand an issue. Further, the importance of complete and clear documentation of the rationale for recommendations and actions was noted. One director observed that the Committee professionals are very willing to make sure the non-professional members are brought up to speed on the issues before action.

7. The pre-meeting reading materials are generally helpful and relevant.

Rating	**4.5**

The rating for this item for FY 2008 was 4.5. The directors generally believe that the pre-meeting materials are helpful and relevant, subject to comments offered in connection with the items previously addressed regarding timeliness of the information provided. The thorough preparation of the staff for Board meetings is seen as a strength.

8. I am satisfied with the conduct of Board meetings in these respects:

	Rating
Agendas	**4.9**
Opportunity for discussion	**4.9**
Frequency	**4.8**
Cumulative Rating	**4.9**

The cumulative rating for this item for FY 2008 was 4.9. The directors strongly expressed satisfaction with the conduct of the Board meetings in terms of the agendas and the opportunity for discussion. Also commended was the leadership of Chairman Lhota and the atmosphere of mutual respect for differing views as expressed by individual directors as well as Board and Committee chairs. As to frequency of meeting, it was noted that the Board meetings are held monthly as required by HB 100; however, the point was made that the frequency of meeting is a considerable time burden on the staff. One director observed that, if progress continues to be made at the BWC, less frequent meetings is a topic that the Board may wish to revisit with the Legislature and the Governor at the appropriate time, which was suggested as five years after the passage of HB 100.

9. Overall, I believe each of the Board's committees work well:

	Rating
Actuarial Committee	**4.7**
Audit Committee	**4.7**
Investment Committee	**4.8**
Governance Committee	**4.9**
Cumulative Rating	**4.8**

The cumulative rating for this item for FY 2008 was 4.9. The directors were united in their strong expression of belief that each of the Board's committees work well. It was specifically mentioned that the committees under the leadership of the professionals work well and the collegial nature of the members is excellent in fulfilling the fiduciary responsibilities of the members of the Committees and Board. Also commended was the high standard of committee process and work that is evident among all committees. One director expressed satisfaction with the changes to realign committee responsibilities, noting that Audit is now able to spend more time on substantive audit and financial issues and that the Governance Committee has dedicated substantial additional time to rules review. The consensus was that all of the committees are well run and the cross-participation provides synergy between the committees. One director noted that the Administrator's suggestion for an additional committee or sub-committee to focus just on the delivery of medical services is an excellent idea that should be explored.

10. I believe the Board's review of the BWC's audit, audit process, accounting policies and financial statements enables me to gain a clear picture of the state of BWC's overall health.

Rating	**4.5**

The rating for this item for FY 2008 was 4.3. The directors generally believe that the Board is receiving the right level of information and conducting the right level of discussion on financial and audit issues. Several directors commented that the chief financial officer's reports and explanations provided a good comfort level in respect to understanding the financial position of the BWC. It was also noted that there is commendable transparency in the reports given on BWC's financial position and that questions that arise are addressed immediately. The improvement in the format and content of the Enterprise Report was also noted. One director warned against complacency and expressed the belief that, although the Board members are in a better place than they were when the Board started, the emphasis on continual education should not be forgotten.

11. Overall, I believe I am provided the resources and tools I need to effectively exercise my fiduciary and oversight responsibilities.

Rating	**4.5**

The rating for this item for FY 2008 was 4.5. The directors were generally united in their satisfaction that they are provided the resources and tools needed to effectively exercise their fiduciary and oversight responsibilities. Good information in advance and strong dialogue during our meetings were noted as particular strengths. One director noted that it would be helpful to have more informal interaction with staff, to get to know some of the people better and to better understand how each person contributes to the Board's work; it was also noted that this is a developing process.

12. Overall, I believe the Board makes the appropriate use of the skills and experience of its members.

Rating	**4.6**

The rating for this item for FY 2008 was 4.7. The directors were generally of the strong belief that the Board makes appropriate use of the skills and experience of its members. The diversity of experience and expertise represented on the Board was noted, as well as the balance and strength that those qualities bring to the Board, all of which ultimately benefit Ohio's employers and workers. The ability of Chairman Lhota to promote a culture of openness for all Board members to provide input and create a constructive dialogue for sound and fully informed decision-making was commended At least one director believes that this is a developing process that is headed in the right direction, but that more could be done.

13. Overall, I believe the Board engages in full and candid discussions of the issues before it and personally feel comfortable expressing my views at Board and Committee meetings.

Rating	**4.9**

The rating for this item for FY 2008 was 4.9. The directors were unified in their belief that the Board engages in full and candid discussions of the issues before it. The directors were unanimous in stating that they personally felt comfortable expressing their views at Board and Committee meetings. This was noted as being a strength of the Board. Also noted was that attendance at Board and Committee meetings has been exceptional.

14. If there is one change I would make, it is . . .

Some directors expressed that they did not see the need for any changes at this time. Others expressed specific comments, as follows:

- We need to address the perception that the Board is too responsive to staff recommendations.
- More frequent public hearings.
- Improvement in the follow-up and updates to the Board as a result of the public hearings. including the actions that staff has taken regarding the issues raised during these hearings.
- Having the opportunity during the Board's open forums to interact with the presenters rather than just listen to their remarks. The open forums would be much more effective if Board members could ask questions and engage in dialogue with the presenters.
- If and when the Board decides to implement selective active management in the investment portfolio, we will need to provide for additional time for the Investment Committee to be educated, review performance and discuss critical investment options. The work in the Committees is detailed and intensive.
- The Committee Chairs seem to have information that the rest of the Committee doesn't have, although this may be understandable as the Committee Chairs have to be informed prior to Committee meetings.

Recommendations – Specific Follow-Up Action Steps

After a review and discussion of the summary results, the Governance Committee recommends that the Board affirm the following action steps:

1. The Board would encourage the Committee Chairs to include in their reports at the Board meetings a more fulsome summary of the matters discussed at the meetings, including information regarding the approximate length of the meeting and the number of non-Committee directors in attendance as well as a summary of the matters addressed with detail, where appropriate, indicating which items spurred robust discussion and providing summaries of those discussions. Further, it is encouraged that the Board minutes reflect this information with respect to each Committee report presented. As a substantial amount of time and effort is devoted by the directors and staff to the affairs of the BWC in Committee meetings, and as many non-Committee Board members are in attendance at the Committee meetings, the purpose of the foregoing recommendations is to provide more clarity and transparency as respects the contributions of the Committee deliberations to the overall decision-making process of the Board.

2. The Board would encourage continued attention to timely delivery of materials to the directors prior to Board and Committee meetings, and would recommend to the Administrator that Board materials that are not included with the monthly Board book due to timing constraints be transmitted to the directors at the earliest possible time thereafter via fax, email or other expedited means when and if appropriate.

3. The Board would encourage, at the public forums, interaction by the directors with the presenters where appropriate, such as asking of questions and engaging in dialogue, while keeping in mind the time limitations with respect to individual presenters.

4. The Board would encourage, at Committee meetings where technical information is being presented, that the presenters who are professionals in the area being discussed (e.g., actuarial, investments, audit) use terminology that is readily understandable to the directors in attendance who are not professionals in that area or, if technical terminology is used, to clearly define those technical terms to promote better understanding and more clarity in these presentations.

Governance Committee

Board and Committee Self-assessment

Ron O'Keefe will email material to review, discuss and approve at the meeting.

Please bring hard copies with you.

EXCERPTS FROM SEC DISCUSSION OF AMENDMENTS TO RULE 33-9089 PROXY STATEMENT REQUIREMENTS

C. New Disclosure about Board Leadership Structure and the Board's Role in Risk Oversight

We proposed a new disclosure requirement to Item 407 of Regulation S-K and a corresponding amendment to Item 7 of Schedule 14A to require disclosure of the company's leadership structure and why the company believes it is the most appropriate structure for it at the time of the filing. The proposal also required disclosure about the board's role in the company's risk management process. We are adopting the proposals with some changes.

1. Proposed Amendments

Under the proposed amendments, companies would be required to disclose their leadership structure and the reasons why they believe that it is an appropriate structure for the company. As part of this proposed disclosure, companies would be required to disclose whether and why they have chosen to combine or separate the principal executive officer and board chair positions. In addition, in some companies the role of principal executive officer and board chairman are combined, and a lead independent director is designated to chair meetings of the independent directors. For these companies, the proposed amendments would require disclosure of whether and why the company has a lead independent director, as well as the specific role the lead independent director plays in the leadership of the company. In proposing this requirement, we noted that different leadership structures may be suitable for different companies depending on factors such as the size of a company, the nature of a company's business, or internal control considerations, among other things. Irrespective of the type of leadership structure selected by a company, the proposed requirements were intended to provide investors with insights about why the company has chosen that particular leadership structure.

We also proposed to require additional disclosure in proxy and information statements about the board's role in the company's risk management process. Disclosure about the board's approach to risk oversight might address questions such as whether the persons who oversee risk management report directly to the board as whole, to a committee, such as the audit committee, or to one of the other standing committees of the board; and whether and how the board, or board committee, monitors risk.

We also proposed that funds provide the new Item 407 disclosure about leadership structure and the board's role in the risk management process in proxy and information statements and similar disclosure as part of registration statements on Forms N-1A, N-2 and N-3. The proposed amendments were tailored to require that a fund disclose whether the board chair is an "interested person" of the fund, as defined in Section 2(a)(19) of the Investment Company Act. We proposed that if the board chair is an interested person, a fund would be required to disclose whether it has a lead independent director and what specific role the lead independent director plays in the leadership of the fund.

2. Comments on the Proposed Amendments

Comments were mostly supportive of the proposals.[120] Commenters believed the disclosure regarding a company's leadership structure and the board's role in risk management

[120] See, e.g., letters from AFL-CIO, Chairmen's Forum, Calvert, CII, CalSTRS, the General Board of Pension and Health Benefits of the United Methodist Church, Hermes, Norges Bank, Pfizer, RiskMetrics, and SEIU.

process would provide useful information to investors and improve investor understanding of the role of the board in a company's risk management practices.[121] Some commenters opposed the disclosures. Many of these commenters believed that the proposed amendments were too vague and would likely elicit boilerplate descriptions of a company's management hierarchy and risk management that would not provide significant insight or meaning to investors.[122]

Many commenters suggested revisions to the proposed disclosure requirements. For instance, several commenters recommended that we use the phrase "board leadership structure" rather than "company leadership structure" and noted that the discussion of the board leadership structure and the board's role in risk management are two separate disclosure items.[123] These commenters believed that the use of the phrase "company leadership structure" could be misinterpreted to require a discussion of a company's management leadership structures. Other commenters suggested that we replace the phrase "risk management" with "risk oversight" because the board's role is to oversee management, which is responsible for the day-to-day issues of risk management.[124]

Several commenters believed disclosure of the board's role in risk management would be more effective as part of a comprehensive discussion of a company's risk management processes, rather than as stand-alone disclosure.[125] They suggested that companies be allowed to provide the required disclosure in the MD&A discussion included in the Form l0-K, and to incorporate

[121] See, e.g., letters from CII, the General Board of Pension and Health Benefits of the United Methodist Church, IGS, and RIMS. [122] See, e.g., letters from Cleary Gottlieb, S&C and Theragenics. [123] See, e.g., letters from Business Roundtable and Honeywell. [124] See, e.g., letters from GovernanceMetrics and PLC. [125] See, e.g., letters from ABA and JPMorgan.

by reference this information in the proxy statement rather than repeat the information.

With respect to funds, commenters addressing the issue generally supported the proposal that funds disclose whether the board chair is an "interested person" as defined under the Investment Company Act.[126] In addition, commenters noted the importance of fund board oversight of risk management,[127] but commenters were split regarding whether we should require disclosure about fund board oversight of risk management.[128]

3. Final Rule

After consideration of the comments, we are adopting the proposals substantially as proposed with a few technical revisions in response to comments. We believe that, in making voting and investment decisions, investors should be provided with meaningful information about the corporate governance practices of companies.[129] As we noted in the Proposing Release, one important aspect of a company's corporate governance practices is its board's leadership structure. Disclosure of a company's board leadership structure and the reasons the company believes that its board leadership structure is appropriate will increase the transparency for investors as to how the board functions.

As stated above, the amendments were designed to provide shareholders with disclosure of, and the reasons for, the leadership structure of a company's board concerning the principal

[126] See, e.g., letters from Independent Directors Council ("IDC") and Mutual Fund Directors Forum ("MFDF").

[127] See, e.g., letters from IDC and MFDF.

[128] See letters from Calvert and MFDF (supporting disclosure). But see letters from the Investment Company Institute and IDC (opposing disclosure).

[129] See, e.g., National Association of Corporate Directors, Key Agreed Principles to Strengthen Corporate Governance for U.S. Publicly Traded Companies, (Mar. 2009) ("Every board should explain, in proxy materials and other communications with shareholders, why the governance structures and practices it has developed are best suited to the company.").

executive officer, the board chairman position and, where applicable, the lead independent director position. We agree with commenters that the phrase "board leadership structure" instead of "company leadership structure" would avoid potential misunderstanding that the amendments require a discussion of the structure of a company's management leadership.[130] We also agree with commenters that the phrase "risk oversight" instead of "risk management" would be more appropriate in describing the board's responsibilities in this area.[131]

Under the amendments, a company is required to disclose whether and why it has chosen to combine or separate the principal executive officer and board chairman positions, and the reasons why the company believes that this board leadership structure is the most appropriate structure for the company at the time of the filing. In addition, in some companies the role of principal executive officer and board chairman are combined, and a lead independent director is designated to chair meetings of the independent directors. In these circumstances, the amendments will require disclosure of whether and why the company has a lead independent director, as well as the specific role the lead independent director plays in the leadership of the company. As we previously stated in the Proposing Release, these amendments are intended to provide investors with more transparency about the company's corporate governance, but are not intended to influence a company's decision regarding its board leadership structure.

The final rules also require companies to describe the board's role in the oversight of risk. We were persuaded by commenters who noted that risk oversight is a key competence of the board, and that additional disclosures would improve investor and shareholder understanding of

[130] See letter from Honeywell. [131] See, e.g., letters from Ameriprise Financial and Protective Life Corporation.

the role of the board in the organization's risk management practices.[132] Companies face a variety of risks, including credit risk, liquidity risk, and operational risk. As we noted in the Proposing Release, similar to disclosure about the leadership structure of a board, disclosure about the board's involvement in the oversight of the risk management process should provide important information to investors about how a company perceives the role of its board and the relationship between the board and senior management in managing the material risks facing the company. This disclosure requirement gives companies the flexibility to describe how the board administers its risk oversight function, such as through the whole board, or through a separate risk committee or the audit committee, for example. Where relevant, companies may want to address whether the individuals who supervise the day-to-day risk management responsibilities report directly to the board as a whole or to a board committee or how the board or committee otherwise receives information from such individuals.

The final rules also require funds to provide disclosure about the board's role in risk oversight. Funds face a number of risks, including investment risk, compliance, and valuation; and we agree with commenters who favored disclosure of board risk oversight by funds.[133] As with corporate issuers, we believe that additional disclosures would improve investor understanding of the role of the board in the fund's risk management practices. Furthermore, the disclosure should provide important information to investors about how a fund perceives the role of its board and the relationship between the board and its advisor in managing material risks facing the fund.

[132] See, e.g., letters from Norges Bank and RIMS.

[133] See letters from Calvert and MFDF.

Who's Minding Risk?

Some experts say audit committees take on too many risk-management duties. The SEC's new proxy-disclosure rule should shed more light on the issue.

Sarah Johnson - CFO.com | US

February 22, 2010

Monday-morning quarterbacks pinned the blame for the financial crisis largely on excessive risk taking, particularly at large financial institutions. Subsequent calls for regulatory reform have increasingly included nonfinancial companies and their boards, which critics accuse of having been lax in overseeing risk management. Now, the Securities and Exchange Commission is requiring companies to describe in their proxy statements how the supervision of risk is distributed among their boards and board-level committees. Approved in December and effective on February 28, the rule is part of a package of rules intended to improve disclosures regarding executive compensation that may foster risky behavior.

By prompting companies to define their board members' responsibilities for overseeing risk, the disclosure could reveal inefficiencies. You could have a situation where the compensation committee, the audit committee, and potentially a risk committee are all addressing similar areas related to risk, says Mark Plichta, a partner at Foley & Lardner. "[Board members] need to understand the boundaries of who is doing what. There are a lot of gray areas and areas for overlap."
But the disclosure could also show, as a recent survey suggests, that some companies delegate responsibility for overall risk management to the audit committee. That duty, some experts maintain, should be reserved for the board of directors.

Because audit committees tend to straddle the line between overseeing financial-risk management and process, they are sometimes pressed to look at other types of risks as well. (The New York Stock Exchange requires listed companies' audit committees to periodically review the processes for handling risk exposures.) According to a survey of board members and senior executives by KPMG's Audit Committee Institute, 18% of audit committees are primarily responsible for overseeing strategic risk, and 58% oversee IT security and privacy risks.

That kind of data may be troubling to those who believe a broad overview of risk should remain in the board of directors' purview. "There's been some confusion about the role of the audit committees that is sorting itself out," says J. Michael Cook, a former chairman and CEO of Deloitte & Touche who has served on various audit committees and currently chairs Comcast's audit committee. "The audit committee's reason for existing is to address one very significant enterprise risk: that you will issue inaccurate, or misleading, or fraudulent financial statements." Corporate-governance experts say the perception that audit committees have specialized expertise and knowledge has turned them into a dumping ground for risk-oversight responsibilities. "There is a tendency at a lot of boards to make the audit committee a repository of governance issues," said Alan Beller, a partner at Cleary Gottlieb Steen & Hamilton and former director of the SEC's Division of Corporation Finance, at a recent conference for corporate attorneys sponsored by the Practising Law Institute.

Some of that push-down appears to come from third parties, such as politicians and media outlets, say observers. "It's easy to theorize what should be done in the governance world, but until you have to sit down and do these things, you don't really have to deal with the impracticalities of some of these suggestions," says Cook.

To be sure, directors themselves are torn about how best to allocate the supervision of risk management. In interviews with board members, Jay Lorsch, a human-relations professor at Harvard Business School, encountered disagreement over who should be responsible for risk management. At least one director told Lorsch that all risks, including broad business risks, should fall under the audit committee's umbrella. "Some people believe that [overseeing] risk management [is] the job of the CEO and the management team, and others say the boards should be worried about that but not the audit committee," says Lorsch. "Then others thought it was a natural thing for the audit committee to do."

What's largely agreed on is that audit committees will be preoccupied with risk this year. Charles Noski, a former CFO at AT&T who sits on four boards and chairs the audit committees at Microsoft and Morgan Stanley, says he found consensus among participants at a recent audit-committee conference that "risk management [is] probably the number-one issue and number-one topic that will be addressed by audit committees in 2010."

The financial crisis, notes Noski, "heightened the level of interest and time that is being devoted to the topic." Audit committees have moved on from the complexities of the first few years of Sarbanes-Oxley implementation and are shifting part of their focus to the broader business-risk issues facing the enterprise, he says.

At Fortune Brands, a consumer-brands company, CFO Craig Omtvedt says he will discuss with his audit committee this week various issues surrounding the company's risk-management program, including how risks are identified and reviewed. The company was one of the first to file a proxy statement under the new disclosure rules.

In its latest proxy statement, Fortune Brands explained that its board is responsible for overseeing the company's management of risk, and its individual committees manage risks within their respective areas. The audit committee oversees the management of financial risks and keeps tabs on the company's overall risk-management program from a process standpoint, Omtvedt says.

Omtvedt doesn't object to the new disclosure rule. "It's reasonable to request that people take more time and be more formal in communicating how they deal with risks that are inherent to their business," he says. What's more, the rule may aid companies in deflecting calls for more-serious reforms of corporate risk-management policies. For instance, a provision in a shareholder-rights bill, introduced by Sen. Charles Schumer (D-N.Y.) last spring, would have required large companies to establish risk committees. Now, the bill appears unlikely to get past the committee stage.

DRAFT REVISION TO GOVERNANCE GUIDELINES- FOR DISCUSSION

Possibly insert within Section entitled, "Board Governance- General"

Delegation of Authority

Under some circumstances, the Board of Directors may find it necessary to designate an individual Board member or Board members to carry out a specific task or duty on behalf of the Board. In situations where such delegation of authority may be recommended, the Board shall consider the matter through formal motion and after thorough discussion regarding the task or duty. The motion to be voted upon must specify the task or duty to be performed, the individual to whom the task or duty will be assigned, and the timeframe in which the task or duty must be performed. After a formal roll call vote by the Board affirming the motion delegating authority, the designated Board member(s) shall complete the task or duty according to the terms specified in the motion. Upon completion of the delegated task or duty, the individual Board member or Board members shall report back to the Board with a complete explanation regarding the actions of the Board member(s) in fulfilling the terms of the motion voted upon by the Board.

12-Month Governance Committee Calendar

Date	May 2010	NOTES
5/27/2010	1. Launch Board and Committee Self-assessment	
	2. Governance Guideline change: catastrophic coverage policy approval process subject to follow-up approval of financial commitment by Board and Audit Committee chairs.	
	3. Membership for Governance and Medical Services & Safety Committees	
Date	**June 2010**	
6/17/2010	1. Finalize Board and Committee Self-assessment	
	2. Committee membership recommendations	
	3. Develop Education Plan	
	4. Administrator's Objectives for FY 11	
Date	**July 2010**	
7/29/2010		
Date	**August 2010**	
8/26/2010		
Date	**September 2010**	
9/23/2010	1. Governance Guidelines (1st read)	
	2. Committee Charters (1st read)	
Date	**October 2010**	
10/21/2010		
Date	**November 2010**	
11/18/2010	1. Governance Guidelines (2nd read)	
	2. Committee Charters (2nd read)	
Date	**December 2010**	
12/15/2010	1. Administrator Performance Review and Action Items to date	
	2. Board Self-assessment and Action Items to date	
	2011 Tentative Agenda Topics	
Date	**January 2011**	
TBD		
Date	**February 2011**	
TBD		

12-Month Governance Committee Calendar

Date	March 2011	NOTES
TBD		
Date	**April 2011**	
TBD	1. Launch Administrator Review	
Date	**May 2011**	
TBD	1. Launch Board and Committee Self-assessment	
Date	**June 2011**	
TBD	1. Finalize Board and Committee Self-assessment	
	2. Committee membership recommendations	
	3. Develop Education Plan	
	4. Administrator's Objectives for FY 12	
Date	**July 2011**	
TBD		
Date	**August 2011**	
TBD		
Date	**September 2011**	
TBD	1. Governance Guidelines (1st read)	
	2. Committee Charters (1st read)	
Date	**October 2011**	
TBD		
Date	**November 2011**	
TBD	1. Governance Guidelines (2nd read)	
	2. Committee Charters (2nd read)	
Date	**December 2011**	
TBD		