

Governance Committee Agenda

Thursday, July 28, 2011

William Green Building

Level 2, Room 3

3:30 PM – 4:30 PM

Call to Order

Committee Chair

Roll Call

Jill Whitworth, Scribe

Approve Minutes of June 15, 2011 meeting

Committee Chair

Review and Approve Agenda

Committee Chair

New Business/ Action Items

1. Review Self-Assessment and Develop Action Steps (Executive Session)

Discussion Items

1. Committee Calendar

Adjourn

Committee Chair

Next Meeting: Wednesday, September 29, 2011

*Not all agenda items have material.

** Agenda Subject to change

7/14/2011 8:20 AM

**BWC BOARD OF DIRECTORS
BOARD SELF-ASSESSMENT**

SUMMARY OF DIRECTOR RESPONSES

Dated: June __, 2011

Rank the following questions on a scale from 1 – 5

Key: 1=Unacceptable, 2=Needs Improvement, 3=Acceptable, 4=Excellent, 5=Superior

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 2011 of 4.45 on a rating scale in which 5.0 = "Superior" and 4.0 = "Excellent." The overall rating for FY 2010 was 4.50. 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	4.1
Insurance business	4.4
Actuarial soundness	4.5
Investment policy	4.7
Financial performance	4.6
Litigation status	4.3
Risk management	3.9
Cumulative rating	4.4

The directors generally believe that the Administrator and senior staff do a very good job of keeping them up to date on the various aspects of the BWC's business and that they are committed to transparency and providing critical information to the Board. Some new Board members commented that they had been brought up to speed very quickly, while acknowledging that the process of becoming fully informed will take more time and will require more guidance, especially as respects Committee responsibilities. One director noted that most of the risk management information tends to come through the Audit Committee and relates to specific issues, and that an approach towards a more enterprise-related view of risk by the Administrator and senior staff would be desirable.

2. I believe the pre-meeting reading materials I am sent for Board and Committee meetings are:

	Rating
Timely	4.4
Complete	4.4
Understandable	4.5
Cumulative rating	4.4

The directors generally believe that the materials provided by the Administrator and staff in advance of the meetings are helpful and appreciate the time and effort that goes into preparing those materials. Some directors commented that timeliness can be an issue, particularly when materials are not provided in advance but are distributed at the meeting. At least one new director believes that more explanation and detailed information would assist in acquiring a grasp of the Committee information in the material provided.

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

	Rating
Clear and understandable	4.1
Helpful in providing an accurate picture of the BWC’s performance	4.5
Cumulative rating	4.3

The directors generally believe that management’s presentations on various aspects of the BWC’s business are helpful in providing an accurate picture of the BWC’s performance. One director noted that the enterprise report and the staff comments regarding the rules proposed for adoption by the Board are particularly helpful. A new director cautioned that the staff should be aware that the newer directors are not at the same level of understanding as the other directors, with the implication being that staff presentations should be prepared and delivered with this in mind. While one director noted the obvious commitment of staff to clear and concise presentations, another director suggested that some presenters should be requested to provide an executive summary with salient points rather than recite their entire presentation.

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

Rating	4.0
---------------	------------

This topic did not elicit many director comments. The numerical score on this topic corresponds with the numerical rating on risk management under topic 1, above. It would appear from the numerical ratings on this topic, viewed in conjunction with the ratings and comments on the prior topics, that newer directors are continuing to making progress on the learning curve while longer-

tenured directors have developed a level of confidence in their understanding of the BWC's business and financial risks.

5. I believe the Board's Committees are meeting the objectives as described in their respective charters. (See attached Addendum for a statement of the purposes of each Committee.)

	Rating
Actuarial	4.8
Audit	4.8
Governance	4.7
Investment	4.8
Medical Services and Safety	4.5
Cumulative rating	4.7

The directors are generally pleased with the leadership, presentations and operations of the Committees. The usefulness of the Committee structure for open questioning and responses was noted in the comments. Several directors also commented on the importance of all directors attending the Committee meetings, with one director noting that this practice helps the Board function more efficiently and allows all Board members to know what each Committee is doing.

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

Rating	4.4
---------------	------------

The numerical ratings reflect that the directors generally believe that the rationale for proposed Board and Committee actions is adequately explained prior to action being taken. One director commented that the commitment by the staff and culture of the Board with respect to this matter provides the foundation for this continuing. Another director commented that discussions of rationale at the Committee level extend to the entire Board which tends to lead to more comprehensive Board discussions regarding those matters. A new Board member indicated his strong reliance on Committee recommendations and explanations as a basis for the actions taken and the building of a consensus among the entire Board. The willingness of staff and the Committees to delay action or provide additional explanation prior to action being taken was commended. At least one new director believes that staff may need to provide more detail and clarity in response to questions asked by directors.

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

Rating	4.5
---------------	------------

The directors generally believe they are provided the resources and tools needed to effectively exercise their fiduciary duties as directors of the BWC. One new director expressed the belief that his understanding and use the resources available to him in preparation for monthly meetings will develop over time. Another director noted that it is problematic to receive materials the day of the meeting and to review them while the presenters are making their presentations, echoing a timeliness concern previously expressed regarding other topics.

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

Rating	4.8
--------	-----

This item received the highest numerical rating. The directors are unanimous in their belief that the Board makes the appropriate use of the skills and experience of its members and that its members are committed to the mission of the BWC. The leadership of the Board and Committees was commended. Subject matter experts on the Board, such as investment and accounting, were specifically recognized as making important contributions. The openness and dialogue among Board members was commended.

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

Rating	4.6
--------	-----

The directors were again unanimous in the belief that they engage in full and candid discussions of the issues before them and that they personally feel comfortable expressing their views at Board and Committee meetings. It was noted that there exists a culture of trust and professionalism that provide for candid dialogue and that this culture is a strength of the Board.

10. I would rate the overall performance of the Board as follows (see memorandum referencing the Board’s duties):

Rating	4.4
--------	-----

The directors generally appeared to be satisfied with the overall performance of the Board of its stated duties and provided this topic with a rating of “excellent plus.” One director observed an evident and genuine commitment by management and the Board to deliver on their mission to assist both injured workers and employers. Another director commented that continued education is a must in order for the Board to effectively discharge its multi-faceted responsibilities. The willingness of the Board to challenge staff presentations prior to making decisions was noted. It was also observed that one challenge in maintaining the consistent performance of the Board will be the continuing transition of Board membership.

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. We should develop education sessions emphasizing risk management. Specific areas would include “cyber-risk” issues, contracts with custodians and sub-custodians, and due diligence processes throughout the organization. Under the terms of their charter, the Audit Committee should coordinate this effort with the other committees.
2. The Board liaison should coordinate the orientation sessions for new Directors. The priorities for the orientation sessions should be issues coming before the committees on which the director

serves, and then the necessary background for major issues the other committees will address over the year.

3. Directors should, to the extent possible, attend all committee meetings, even if they are not a voting member of the committee. The historic 90-95% of Board attendance at committee meetings allows for fulsome discussions on issues during the committee meeting and efficient board meetings.

4. As the Board transitions to new members, the culture of staff recommendations and rationale, full discussions at committee meetings with all directors participation, and the willingness of staff and the committees to spend time answering questions, concerns or provide additional information prior to action being taken will serve the Board and the BWC well.

DRAFT

12-Month Governance Committee Calendar

Date	July 2011	NOTES
7/28/2011	1. Finalize Board and Committee Self-assessment and action steps	
Date	August 2011	
8/25/2011		
Date	September 2011	
9/29/2011	1. Governance Guidelines (1 st read)	
	2. Committee Charters (1 st read)	
Date	October 2011	
10/27/2011		
Date	November 2011	
11/17/2011	1. Governance Guidelines (2 nd read)	
	2. Committee Charters (2 nd read)	
Date	December 2011	
12/14/2011	1. Board Self-assessment and Action Items to date	
Date	January 2012	
TBD		
Date	February 2012	
TBD		
Date	March 2012	
TBD		
Date	April 2012	
TBD		
Date	May 2012	
TBD	1. Launch Board and Committee Self-assessment	
Date	June 2012	
TBD	1. Review Board and Committee Self-assessment	
	2. Committee membership recommendations	
	3. Develop FY 2012 Education Plan	