

NATIONAL INSURANCE SCHEME – GOVERNANCE POLICY GUIDELINES

DEFINING CORPORATE GOVERNANCE

1. Corporate governance refers to the way in which companies/organizations are governed. It is concerned with practices and procedures for trying to ensure that a corporation is run in such a way that it achieves its objectives. In the case of a statutory organization like the National Insurance Scheme it has to do with the fulfilment of the purpose for which it was created.

The National Insurance Board accepts the following principles in the governance of the organization:

- i. Openness, honesty and transparency
- ii. Independence
- iii. Accountability
- iv. Responsibility
- v. Prudent and effective management

ROLE OF THE BOARD OF DIRECTORS

2. Management is responsible for the day to day operations of the NIS. The Board of Directors shall administer the Fund in accordance with the Law governing the National Insurance Fund. The basic responsibility of the Board is to exercise its judgment to act in what it reasonably believes to be in the best interests of the Scheme and its stakeholders. Within this framework, the Board also considers the Scheme's ethical behaviour and may consider the interests of other constituents, including the Scheme's employees, employers and the Government of Grenada.

In discharging their obligations, Board Members are entitled to rely on the honesty and integrity of the Scheme's executives, and its outside advisors and auditors. Board members shall also be entitled to have the Scheme purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law.

3. The Board provides oversight with respect to the strategic direction and key policies of the Scheme. It approves major initiatives, advises on key financial and business objectives and monitors progress with respect to these matters.

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4. The Board, directly and through its Audit Committee, provides oversight of the integrity of the financial statements of the Scheme; the independent accountants' qualifications and independence; the performance of the Scheme's internal audit function and independent accountants; and the compliance by the Scheme with the legal and regulatory requirements as established by the National Insurance Act.

COMPOSITION OF THE BOARD AND SELECTION OF DIRECTORS

5. The Board of Directors is constituted as per the First Schedule of the National Insurance Act which states inter alia:

“The National Insurance Board shall consist of seven members appointed by the Minister as follows:

- a. Two members who shall represent the Government;*
- b. Two members who shall represent employers;*
- c. Two members who shall represent employees; and*
- d. The Director.*

The quorum of the Board shall be four members, one of whom shall be the Chairman or Deputy Chairman.”

For other details relating to the Constitution and Proceedings of the National Insurance Board please see the First Schedule of the National Insurance Law 1983.

6. All new Board Members must participate in the Scheme's Director Orientation Program. This orientation includes presentations by senior management to familiarize new Members with the Scheme's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of business conduct and ethics, its principal officers and its internal and independent auditors. In addition, each Board Committee also provides new Committee Members with appropriate background information about the workings of the Committee. The Board encourages formal continuing education for members.

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FUNCTIONING OF THE BOARD

7. The Board sets the annual schedule of Board meetings. Board meetings are scheduled to be held once per month or as determined by the Board when an additional meeting is required.
8. Board agendas are generally set by the Chairman in consultation with the Director with ample opportunity for suggestions from other Board Member. Each Member is free to raise at any Board meeting, subjects that are not on the agenda for that meeting.
9. Information and data are important to the Board's understanding of the matters to be covered at a Board meeting. The Board as such is provided in advance of meetings (Friday of the week before the meeting) with agendas and written background information and data with respect to Board/Committee agenda items, as well as other general information relevant to the Scheme's operations. The Board also receives regular updates between Board meetings. Members should review in advance any materials sent to them in order to take part in a meaningful deliberations at the meeting.
10. Board Members have full access to the Scheme's management. In addition, the Board and any of its Committees have the authority to retain counsel and other independent experts or consultants, as they may deem necessary, with the prior approval of the Board.
11. As a general matter, the Board expects management to speak for the Scheme.

COMMITTEES OF THE BOARD

12. Committees support the role of the Board on issues that benefit from consideration by a smaller, more focused subset of Board Members. The Board will have at all times an Audit & Governance Committee, a Property Development Committee and a Human Resources Committee. Each Committee has a written charter, approved by the Board, which describes the committee's

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general authority and responsibilities. The Board may, from time to time, establish and maintain additional committees.

13. Committee schedules are recommended by each Committee in order to meet the responsibilities of that Committee.
14. Committee agendas are set by the respective Committee chairs in consultation with management and other Committee members. Committee chairs report on each Committee meeting at the Board meeting following the Committee meeting. Minutes of Committee meetings are also provided to each Board Member. Each Committee Chairman convenes as appropriate, executive sessions of outside members of the Committee to discuss its operations and other related matters.
15. In the absence of a Committee Chair, the most senior Committee member in terms of Committee service chairs the Committee meeting.
16. The National Insurance Laws of 1983 also established an Investment Committee to assist the Board in reviewing investment policies, strategies and transactions. The Investment Committee has the power to give from time to time general or specific directions to the Director, subject to the concurrence of the Board, on the investment of moneys in the Fund which are surplus to current needs.

COMPENSATION OF BOARD MEMBERS

17. Board fees are reviewed periodically and are subject to an adjustment upon an application to the relevant Minister who has to authorize any change.

CONDUCT AND ETHICS STANDARDS FOR BOARD MEMBERS

18. Board Members are subject to applicable provisions of the Scheme's Code of Conduct. Among other things, Members must conduct themselves in a manner that avoids actual or apparent conflicts of interest and that protects the Scheme's reputation. A conflict of interest occurs when a Board member's

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private interest interferes in any way – or even appears to interfere – with the interest of the Scheme. Except as authorized by the Board of Directors, no Board Member other than the Director shall have a direct economic relationship with the Scheme. All Board Members will recuse themselves from any discussion or decision affecting their personal, business or professional interests. Scheme loans to, or guarantees of obligations of Board Members and their family members are prohibited, except where it is done as part of an operation that is available to the general public and the terms and conditions are in keeping with same.

19. Board Members owe a duty to the Scheme to advance its legitimate interests when the opportunity to do so arises. Accordingly, Members are prohibited from taking for themselves personally, business opportunities that are discovered through the use of the Scheme’s property, information or position.
20. Board Members, in the course of the Scheme’s duties, must comply fully with all laws applicable to the Scheme’s administration or operation, and with applicable policies of the Scheme relating to use of confidential information.

Approved by the National Insurance Board on the 31st day of August, 2010.

Philbert Lewis
CHAIRMAN

Alfred P. Logie
DIRECTOR