



Board Mandate

December 2009

The following is a list of the principal duties of the Board.

1. Strategic Planning

The Board will:

- provide counsel, support and advice to management on major policy and strategic issues facing the Corporation
- approve, assess and monitor resources required to implement PACICC's strategic plan
- review and approve a Plan and Budget prepared by management setting forth the annual plan and strategic priorities for the next three years
- approve any material changes to the Plan and Budget
- ensure that identified priorities are consistent with the Corporation's strategic goals of relevant research, effective governance and proactive operations
- approve PACICC's financial objectives and operating plan, including capital allocations and any expenditures exceeding thresholds established by the Board
- monitor the implementation and effectiveness of the approved strategic plan and approve significant business decisions not otherwise delegated to management.

2. Corporate Governance

The Board will:

- develop, approve and monitor PACICC's approach to corporate governance
- review the Board's mandate periodically to ensure that it properly reflects the Board's decision making and oversight responsibilities
- establish Board committees with specific mandates and objectives to assist the Board in carrying out its roles and responsibilities
- establish expectations and responsibilities of directors and management staff (including required skills, competencies and expected attendance at Board and Committee meetings)
- establish and maintain a process to regularly and objectively assess the effectiveness of the Board, committees, individual directors and management staff
- ensure that all new directors receive a comprehensive orientation explaining the role of the Board and its committees and expected contributions from individual directors (meeting preparation, attendance and participation).

3. Financial Reporting

The Board will:

- review and approve the annual financial statements of the Corporation
- ensure full, regular and timely financial reporting and disclosure to regulators (consistent with applicable laws, regulations, rules, policies and other requirements)
- ensure that controls are in place to safeguard the integrity of the Corporation's financial reporting and the effectiveness of its internal controls
- ensure strict compliance with all applicable audit, accounting, financial reporting, investment policy and legal disclosure requirements.

4. Risk Management

The Board will:

- provide regular oversight of the Corporation's enterprise risk management plan
- approve an investment policy for the Corporation and ensure compliance with it
- review annually PACICC's risk management practices to ensure early identification and effective management of key risks facing the Corporation

- monitor staff reports regarding the assessment, management and monitoring of key risks facing the Corporation
- approve and monitor processes that will ensure compliance with applicable legal and regulatory requirements.

5. Human Resources Management

The Board will:

- ensure that policies and practices are in place to enable PACICC to attract, develop and retain the human resources required to achieve its business objectives
- oversee the Corporation's executive compensation program and approach to human resource management
- approve the selection, appointment, development, evaluation and compensation of Board members and management staff
- develop a clear position description for the CEO, in conjunction with the CEO, including delineation of management responsibilities
- approve corporate goals and objectives for the CEO to achieve
- develop clear position descriptions for the Board chair and committee chair(s)
- monitor PACICC's succession plan for key executive positions
- ensure that adequate plans are in place to recruit new Board members when vacancies occur.

6. Integrity

The Board will:

- approve a written Code of Business Conduct and Ethics to foster and maintain a culture of integrity and ethical behaviour throughout the Corporation
- approve the Corporation's Code of Business Conduct and Ethics for staff and Directors and monitor management reports on compliance with same
- approve other policies and practices dealing with issues related to integrity, ethics and social responsibility.

7. Corporate Communications

The Board will:

- approve PACICC's corporate communications policies
- monitor management policies and processes that ensure accurate, timely and appropriate public disclosure of business information
- encourage regular and open consultation with members, regulators, liquidators, media (as required) and other industry stakeholders
- ensure that disclosure policies are consistent with reporting requirements.

APPENDIX II – Draft PACICC Code of Ethics and Business Conduct

PACICC’s Code of Ethics and Business Conduct requires Board members to honour all of the obligations set out below. As a Director or employee of PACICC, you agree to:

Legal obligations

- comply with all laws applicable to PACICC’s business operations and to your responsibilities as a Board member or employee, including federal and provincial privacy laws
- avoid actual misconduct as well as any appearance of impropriety

Advancement and protection of PACICC’s interests

- act in good faith at all times for the common good of all members and in the best interests of the Corporation
- act to support PACICC’s mission statement, specifically, “to protect eligible policyholders from undue financial loss in the event that a member insurer becomes insolvent; to minimize the cost of insurer insolvencies; and seek to maintain a high level of consumer and business confidence in Canada’s P&C insurance industry”
- be diligent in supervising or managing the business affairs of the Corporation, making enquiries that reasonably prudent persons would make concerning their own affairs
- exercise powers carefully, displaying the kind of care and skill reasonably prudent persons in similar positions might be expected to demonstrate
- avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information or misrepresentation of facts
- use PACICC resources and claim or authorize expenses only when conducting legitimate business for PACICC
- approve amendments to this Code as required

Confidentiality

- ensure that all information acquired by virtue of your position as a PACICC Board member or employee is kept confidential
- safeguard all confidential information (regardless of form or format) from the time of its creation or receipt until its authorized disposal
- avoid unauthorized access, use, distribution or disclosure of confidential information to an individual member or to any other person, unless required to do so by law

Independence

- avoid soliciting or accepting from anyone a benefit of any kind that could be viewed inappropriately as an attempt to influence a decision or a position on an issue
- avoid any investment, activity, interest, or relationship outside the Corporation that could impair your judgment or interfere with (or give the appearance of interfering with) your responsibilities to the Corporation
- maintain sufficient independence from member companies to ensure unbiased judgement in rendering decisions about member companies

Conflict of interest

- avoid conflicts of interest and seek legal advice in situations where you may be unsure
- avoid using your position or information obtained through PACICC to gain economic or other advantage for yourself or anyone else

- promptly disclose to the Board Chair and General Counsel (for appropriate resolution) any investment, activity, interest, or relationship (including those involving family and household members) that could reasonably be expected to give rise to a conflict of interest
- excuse yourself from any Board discussions or decisions affecting your personal, business, or professional interests, including situations where a Board member holds a position in a member insurance company that is the subject of discussion

Disclosure

- individual employees of PACICC are responsible for making complete, timely and accurate disclosure of relevant business information to industry regulators, consistent with PACICC’s mission and principles; and the Board is collectively responsible for ensuring that proper standards of disclosure are maintained
- interact with industry stakeholders (members, regulators, liquidators and others) in a fair, open and timely manner, avoiding any actions that may compromise your duty of care to PACICC
- ensure that PACICC’s financial reporting and financial statements are accurate and complete in all material respects

Workplace environment

- provide a safe and healthy work environment for all employees, consistent with all applicable environmental and workplace health and safety laws and regulations
- ensure that equal employment opportunities exist at PACICC without discrimination or harassment on the basis of race, colour, religion, age, gender, sexual orientation, national origin, citizenship, disability, marital and civil partnership status, pregnancy, or any other characteristic protected by law
- avoid adverse impact and injury to the environment and to communities in which PACICC conducts its business

Code of Ethics violations

- ensure familiarity with this Code, as revised from time to time
- co-operate in any internal investigation of allegations of violations of the Code
- disclose to members any waivers of the provisions of this Code (which may be granted by the Board of Directors only in exceptional circumstances)

Personal commitment

This Code, including any future amendments approved by the PACICC Board, forms part of the terms and conditions of a Board member’s and employee’s service to PACICC. The Corporation requires all of its Board members and employees to acknowledge annually in writing their understanding of and commitment to the Code. The Corporate Secretary will maintain a record of such acknowledgement and understanding.

I acknowledge the requirements of PACICC’s Code of Ethics and Business Conduct and I understand the duty of confidentiality that I owe to the Corporation.

Signature of Director or employee _____
 Print name of Director or employee _____
 Dated _____