



GENERAL INSURANCE STATISTICAL AGENCY

Code of Conduct for Directors

REVISED JUNE 21, 2011

1. Introduction

Each Director of the General Insurance Statistical Agency (GISA) assumes a commitment to honesty, integrity and trust with regard to his or her relationship with GISA. Moreover, each Director is expected to subordinate personal interests and act in the best interest of GISA. The purpose of this Code of Conduct is to provide guidance to GISA Directors on how to conduct themselves in an ethical manner and to set out their obligations within this commitment.

2. Background

GISA was incorporated on June 28, 2005, as a corporation without share capital under the *Canada Corporations Act, 1970*. GISA is governed by a Board of Directors, with representation from eight participating insurance regulators, the property and casualty insurance industry and the public.

GISA established a by-law, defining rules with regard to the operation of the organization and the conduct of the Board of Directors. With respect to the latter, GISA's *By-Law No.1* stipulates the process of election, conduct, powers and duties of the Board of Directors.

3. Compliance with the Law

- a) Directors must act, at all times, in full compliance with GISA By-Law No. 1, all GISA policies and all applicable laws. In addition, Directors shall avoid any situation which could be perceived as improper compliance.
- b) No Director shall commit or condone an unethical or illegal act or instruct another Director, staff member, service provider, or contractor to do so.
- c) Directors are expected to be sufficiently familiar with any legislation that may apply to their work and to seek legal advice when appropriate. If in doubt, Directors shall ask for clarification from GISA staff and/ or the appropriate external expert(s).

4. Disclosure of Information

- a) Directors appointed to the Board bring their perspectives as informed leaders and shall maintain confidentiality of all corporate and Board information and documentation (collectively, the "Board Information"), as well as all Board deliberations.
- b) Directors may, at their own discretion, seek advice, guidance or information from within the organization in which they are employed on matters before the Board and, to facilitate such consultation, Directors may share Board Information within the organization in which they are employed, as the context requires, provided all those

persons, at all times, maintain the confidentiality obligations set out in Section 4(a) above.

- c) Directors may, at their own discretion, consult outside of the organization in which they are employed for advice, guidance or information, provided they at all times maintain the confidentiality obligations set out in Section 4(a) above; they do not disclose any Board Information or deliberations; and they use their judgment and exercise prudence in seeking only generic information that will allow them to contribute effectively at Board meetings.

5. Business Judgment and Responsibility

- a) Directors shall at all times use their best efforts to provide leadership and direction to GISA.
- b) Directors shall commit sufficient time to attend to GISA business. They shall be prepared for meetings having read pre-circulated material in advance of the meeting.
- c) Directors shall make every effort to ensure that decisions are well informed. This includes seeking the advice of GISA management, committees and external experts as appropriate.
- d) Directors' contributions to discussions and decision-making shall be positive, constructive and based on their knowledge and experience, and Directors' interactions in meetings shall be courteous, respectful and free of animosity.
- e) All Directors shall endeavor to direct GISA activities in the best interest of the organization, rather than in their own personal interest or that of another corporation to which he or she belongs.

6. Appropriation of Business Opportunity

- a) A Director must not take advantage of business opportunities that come to his or her attention by reason of his or her position as a Director of GISA.
- b) A Director must not use his or her position with GISA to solicit clients or service providers for the Director's business, or corporation to which the Director belongs.

7. Hospitality, Gifts and Favours

- a) Directors shall not accept hospitality, gifts or favours from service providers, contractors or stakeholders that create, or appear to create, a favoured position for doing business with GISA. Any Director experiencing or witnessing such an offer must report the incident to the GISA Chair immediately.
- b) Directors shall not offer or solicit hospitality, gifts or favours in order to secure preferential treatment for themselves or the corporation.

- c) Hospitality may only be accepted or offered by a Director in the normal exchanges common to established business relationships. (e.g., business lunch)
- d) Inappropriate gifts received by a director must be returned to the donor immediately.

8. Conflicts of Interest

Section 44 of GISA's *By-Law No.1* defines conflict of interest and sets a basis for the actions that a Director must take in the event that he or she has a conflict of interest.

Section 44 defines conflict of interest as including, but not limited to, "...any situation or circumstance where a Director has, directly or indirectly, any interest in a contract or arrangement, or proposed contract or arrangement with the Corporation [GISA], or where the Director's other commitments, relationships, or financial interests could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of his or her independent judgment."

In the event of a conflict of interest, Section 44 states that every Director has the duty to declare any potential or actual conflict of interest and refrain from voting in such instances, with regard to decisions of the Board.

a) Examples of Conflicts of Interest

- i. A Director shall not vote on a board decision that may result in a financial gain or loss to the Director, or another corporation to which the Director belongs, with the exception of decisions that may serve to affect overall GISA costs and consequently affect assessments to the P&C insurance industry as a whole.
- ii. A Director shall not vote on a board decision as to whether or not to procure the services of a service provider to which he or she is associated.
- iii. A Director shall not vote on a decision that may result in a benefit, or loss to an individual, corporation or organization to which the Director is currently providing paid consulting services, or has provided such services within the last year, with the exception of decisions that may serve to affect overall GISA costs and consequently affect assessments to the P&C insurance industry as a whole.

b) Processes for Dealing with Potential Conflicts of Interest

- i. Before any Directors take part in a meeting, the GISA Secretariat shall provide each Director with an agenda containing information as to the content of the meeting, including topics to be discussed, decisions to be made and any involvement of, or presentations made by, external parties. Each Director is required to determine, based on the information provided, if he or she has a conflict of interest in respect of that particular meeting. Once a Director has determined that a conflict of interest exists with regard to a particular meeting, task or decision, he or she must:
 - disclose the conflict to the Chair at least one day prior to the meeting; and
 - withdraw his or her participation from that decision.

- ii. If a Director is in doubt whether a conflict exists, he or she must consult with the Chair as to whether the Director should participate at the meeting for which a potential conflict may exist. The determination by the Chair that a conflict of interest exists for a particular Director and the decision of the Chair that the Director withdraw from a particular meeting or decision, will be final.
- iii. If the Chair has a conflict of interest in a particular meeting or decision, he or she shall delegate to either of the two Vice Chairs, who does not have a conflict of interest in respect of that meeting or decision. If there is no such non-conflicted Vice Chair, the Board shall appoint a Director who does not have a conflict of interest in respect of that meeting or decision, to preside at any such meeting and to perform such other duties of the Chair as they may direct, pursuant to section 57 of GISA By-Law No.1.
- iv. Where, after having attended a particular meeting, a Director becomes aware of any circumstance or circumstances that might give rise to a conflict of interest on the part of the Director, he or she shall;
 - with or without prior consultation with the Chair, make and act upon a decision as to whether he or she should withdraw his or her vote from any decision items; and
 - advise the other Directors of the potential conflict of interest, leaving it to the Board of Directors (including the Director) to decide whether, in any event, the Director should not vote, or participate in any other manner, in respect of the item in question.
- v. If another Director, or an external party involved with the decision item voted upon at a meeting should apply to have a Director withdraw from the vote on this particular decision due to a potential conflict of interest, that application should be heard, on notice to the other parties, by the Board of Directors (including the Director). The decision of the Board as to whether the Director should withdraw from the vote will be final, provided that the Director shall always be entitled to withdraw from the vote, even if the Board should decide that the he or she need not withdraw.

9. Failure to Comply

If a Director fails to comply with the Code of Conduct, the matter shall be referred to the Board of Directors. The Board of Directors will consider the circumstances of the failure to comply and take action(s) that the Board feels are appropriate.