

Transit Mutual Insurance Corporation of Wisconsin

Policy on Conflict of Interest

The actions of the individual members of the Board of Directors and staff reflect on the reputation and standing of Transit Mutual Insurance Corporation of Wisconsin (TMI). All reasonable measures should be taken to ensure that real or potential conflicts of interest are guarded against in the governance and operation of TMI in order to preserve the reputation and standing of the organization and to avoid violation of any law or regulation applicable to the insurance industry. The intent of this policy is to comply with all laws and regulations; however, the scope and applicability of this policy may be broader than applicable laws and regulations. It is the practice of TMI to exceed minimum standards applicable to its conduct, including in the areas of ethics and avoidance of conflicts of interest.

This policy applies to all individual members of the Board of Directors and all employees, both full-time and part-time. At the time of appointment or hiring and thereafter in November of each year Board members and staff shall complete a Conflict of Interest Declaration, a copy of which is attached to this policy. The declaration shall list all organizations for which a Board member or staff member or their spouses/partners or close relatives work, in which they have a financial interest and all boards of directors on which they serve. The Executive Director shall review all forms, except the Executive Director's form, which shall be reviewed by the President of the Board of Directors. In the event any information on the Designation raises a question as to whether a conflict of interest arises by virtue of the individual serving on the Board of Directors or being employed by TMI, the matter shall be referred to the Executive Committee and the individual involved shall be promptly informed of the referral.

When a matter is referred to the Executive Committee, that committee shall determine whether a conflict of interest exists. In making this determination, the Executive Committee may consult with TMI's general counsel or may retain outside counsel, the cost of which shall be paid by TMI. The Executive Committee may also consult with an expert in the area of conflicts of interests relating to insurance companies. The cost of such consultation shall be paid by TMI. The individual involved in the matter shall be given an opportunity to present information that he/she deems relevant to the review; however, the Executive Committee is not required to conduct a hearing.

In the event the Executive Committee determines that a conflict of interest exists, it shall advise the individual involved as to whether he/she may serve on the Board of Directors or be employed by TMI. If the conflict relates to a particular matter but does not impact the ability to serve as a Board member or as an employee, the Executive Committee shall advise the individual as to what actions can or cannot be taken as a result of the conflict of interest.

The individual involved may appeal the determination of the Executive Committee to the full Board of Directors. The individual may request that the Board of Directors conduct a hearing prior to making a determination. The individual may also request that the hearing be held in a closed session. The Board of Directors is not required to make a determination at the hearing; when the Board of Directors deliberates what action may be taken, the person involved in the issue shall not be present.

In the event a question arises as to whether a Board member or a staff member is in a conflict of interest position regarding a specific matter, any member of the Board of Directors or the Executive Director may request that the Executive Committee review the specific issue. The procedures set forth above, including the opportunity to appeal to the Board of Directors, shall apply.

It is obviously preferable that questions concerning possible conflicts be raised prior to action being taken by the Executive Committee or Board of Directors. However, in some instances, this may not be possible. In such instances, any member of the Board of Directors or the Executive Director may raise a question concerning a possible conflict after an action has been taken. If, after an action has been taken by the Executive Committee or Board of Directors, it is determined that an individual with a conflict of interest regarding that action has participated in taking that action, the Executive Committee or Board of Directors shall be informed as soon as possible. TMI's general counsel, or if appropriate, outside counsel, shall be consulted; an opinion shall be requested regarding the options available for dealing with the situation. For example, general counsel or outside counsel shall advise as to whether the action must be set aside, whether it can be set aside or whether further action, without the participation of the member with a conflict, is needed to ratify the action. The legal opinion shall be promptly communicated to the Executive Committee or Board of Directors for consideration and/or action.

It is specifically recognized that all members of the Board of Directors represent entities insured by TMI and that decisions made by the Board of Directors will have an impact on the entity represented by the Board member. If a decision relates exclusively or predominately to only the entity represented by a Board member, then that Board member shall be deemed to have an actual or perceived conflict of interest and shall be excused from voting on that particular issue. The member may participate in discussion of the issue.

Board members who feel there may be a perception of a conflict of interest, even if an actual conflict does not exist, may abstain from voting on any particular matter.