

Annual Board Evaluation Form
Mutual Insurance Company

The purpose of this form is to rate the performance of the Board, *as a group*, on a scale of 1-5 for each of the following characteristics. 1 = *Excellent*, 2 = *Above average*, 3 = *Good*, 4 = *Could use some improvement*, 5 = *Needs significant improvement*

I 1. Board Composition:

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| 1. Directors bring a good mix of talents, skills and philosophical perspectives. |
| 2. Board represents the diversity of the membership. |
| 3. Nominating committee is used effectively. |

I 2. Leadership and Planning:

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| 1. Board develops a clear vision of the company that guides actions and decisions. |
| 2. Plans are revised annually. |
| 3. Progress is assessed regularly on goals for the company, board and CEO. Necessary changes are made on a timely basis. |
| 4. Subsidiary plans support overall plan. |
| 5. Goals are achieved. |
| 6. Board provides direction rather than management. |

I 3. Chief Executive Officer or Senior Manager:

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| 1. CEO is given annual performance goals based upon overall plan. |
| 2. Board gives CEO an effective appraisal. |
| 3. Board manages CEO compensation effectively. |

I 4. Policies:

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| 1. Policies control risks without being unnecessarily restrictive. |
| 2. Policies are written to cover all necessary areas and support goals. |
| 3. Policies are reviewed and updated regularly. |

I 5. General:

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| 1. Efficiency (conducting meetings, using committees, allocating resources) |
| 2. Constructive communication style |
| 3. Member focus (considered in decisions, current information on members and their satisfaction, specific service goals) |
| 4. Commitment to board education |
| 5. Consider / protect confidentiality |
| 6. Board understands and regularly considers the trade-offs between risk and return. |
| 7. Commitment to duties |
| 8. Board is able to effectively support the CEO while exercising independent judgment. |
| 9. Application of mutual insurance philosophy |
| 10. Financial control (good understanding, appropriate action, regular monitoring). |

II. Director Characteristics Rating Form

The purpose of this form is for each director to rate themselves on the following scale, for each of the following characteristics. The intent of this evaluation process is to identify areas for improvement so all directors can make the maximum contribution to the company. 1 = *Excellent*, 2 = *Above average*, 3 = *Good*, 4 = *Could use some improvement*, 5 = *Needs significant improvement*

II 1. Preparation/Participation:

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| 1. Reads board packet before meetings. Comes prepared with questions, concerns and ideas. |
| 2. Attends board meetings, committee meetings, and annual planning session. Arrives on time. |
| 3. Participates in discussions. |
| 4. Individual's knowledge or perspective makes a valuable contribution to discussions and decisions. Helps board stay focused on strategic objectives. |
| 5. Exercises sound judgment. Independent, willing to accept calculated risks, has sound business sense, insists on adequate information, and considers effects on members. |
| 6. Commits the time needed. |

II 2. Knowledge and Development:

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| 1. Willingly participates in director development activities. |
| 2. Understands insurance company ideals/principles. |
| 3. Understands director's responsibilities, including the distinction between board and management roles. |
| 4. Knows membership, services, financial, legal, operating and marketing issues. |
| 5. Understands financial industry, insurance industry role and effects of general economic and social trends. |

II 3. Teamwork and Communications:

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| 1. Facilitates open discussion. Is open to new ideas. |
| 2. Communicates effectively. |
| 3. Handles conflict in a positive manner. |
| 4. Meets commitments. |
| 5. Supports board decisions, once made. |
| 6. Contributes to good board/CEO relations. |

II 4. Individual Behavior:

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| 1. Treats others with courtesy and respect. |
| 2. Puts members' interest ahead of own. |
| 3. Protects confidentiality. |

Self-Assessment Questionnaire

The purpose of this form is to evaluate overall effectiveness of the board's oversight on the following characteristics. The intent of this evaluation process is to identify areas for improvement to improve the planning and oversight of the board. 1 = *Excellent*, 2 = *Above average*, 3 = *Good*, 4 = *Could use some improvement*, 5 = *Needs significant improvement*.

II 5. Mission Planning and Oversight.

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| 1. Each board member has received a copy of our mission statement. |
| 2. Proposals brought before the board are evaluated to ensure that they are consistent with the mission statement. |
| 3. Our board monitors the programs and activities of subsidiary organizations to ensure that they are consistent with the mission statement. |
| 4. We periodically review, discuss, and if necessary amend our mission statement to ensure that it is current and relevant. |
| 5. Our board has approved a comprehensive strategic plan and supportive policy statements. |
| 6. Our board assesses the extent to which our organization meets its strategic goals and objectives. |
| 7. We periodically review, discuss, and if necessary, amend our strategic plan to ensure it remains current and relevant. |
| 8. Our board members are active and effective in representing the company's interests, and serve as a communication link between the members and others important to the growth of the credit union. |

II 6. Quality Oversight.

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| 1. Our board directed there be explicit quality-assurance improvement targets set and met for the operation sections of the insurance company. |
| 2. Our board monitors organizational performance to ensure fulfillment of our commitment to quality. |
| 3. Our board takes corrective action, when appropriate and necessary, to address quality performance. |
| 4. Our board recognizes that quality of services must be closely related to our strategic planning and budgeting oversight responsibilities. |

II 7. Financial Oversight.

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| 1. Our board provides financial oversight for the assets of the insurance company. |
| 2. We approve financial policies, plans, programs and standards to ensure preservation on enhancement of the company's financial assets and resources. |
| 3. Our board monitors performance against budget projections and policies. |
| 4. We have reviewed and adopted ethical policies and guidelines for conducting financial operations. |
| 5. Our board approves the major capital plans, including integrated management information systems. |

II 8. Management Oversight.

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| 1. Our board clearly understands the distinction between the board's oversight role and the CEO's management role. |
| 2. Our board communicates regularly with the CEO regarding goals, expectations, and concerns. |
| 3. A committee of the board annually evaluates the performance of the CEO using goals and objectives agreed upon with the CEO at the beginning of the evaluation cycle. |
| 4. Our board periodically surveys CEO compensation arrangements at comparable insurance companies to ensure that our compensation and other employment conditions are reasonable and competitive. |
| 5. Our board periodically reviews our management succession plan to ensure leadership continuity. |

II 9. Board Effectiveness.

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| 1. The board policies and criteria for selecting new members of the board are clearly defined and followed to ensure continued leadership and appropriate representation. |
| 2. We evaluate our board's performance and the performance of each board member to determine the appropriateness of continued service on the board. |
| 3. We have a written conflict-of-interest policy that includes guidelines for the resolution of any existing or apparent conflicts of interest. |
| 4. All members of the board understand and fulfill their responsibilities and each board member has received written descriptions of the board's duties and reporting responsibilities. |
| 5. All members of the board participate in an orientation program and a regular program of continuing education. |
| 6. The board periodically reviews its own structure to assess its size, diversity of representation, committee structure, member tenure and turnover policy, and tenure offices and committee chairperson. |
| 7. The frequency and duration of board and committee meetings are adequate to conduct the board's oversight responsibilities, but do not discourage attendance and participation by misusing valuable trustee time. |
| 8. Our chairperson exercises a firm and fair hand with individual board members to ensure that all have equal opportunity to participate, time is not monopolized by a few, and agenda items are dispatched after reasonable discussion. |
| 9. Board members receive the agenda and back-up materials well in advance of meetings. |
| 10. Board members come to meetings well prepared to discuss agenda items. |
| 11. Our board adopts, amends and if necessary repeals, the Articles of Incorporation and By-Laws. |
| 12. The board maintains an up-to-date policy manual, which includes specific policies covering its oversight role in quality, finance, strategic plans, and management. |

III 1. Individual Self-Assessment.

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| 1. I participate in outside educational opportunities to remain current on changing trends and issues relating to the insurance industry and the company. |
| 2. I prepare for, attend, participate, and assume a fair workload at board and committee meetings. |
| 3. I deal fairly and appropriately with other board members, management and staff. |
| 4. I understand the differences between the board's oversight role and the CEO's management role. |
| 5. I understand the confidential nature of board deliberations and maintain privacy regarding issues and information discussed in board and committee meetings. |
| 6. I am satisfied that no conflicts of interest exist in my service to the insurance company as a board member. |
| 7. I participate in identifying individuals whose skills and knowledge may be useful to the company as potential board members. |
| 8. As an insurance company board member, I strive to represent the company's needs, as well as, share the those needs with governmental agencies and the local community. |

Comments to improve the Board and Insurance Company: