

**IDAPA 18 – IDAHO DEPARTMENT OF INSURANCE**  
**Company Activities**  
**18.07.10 – Corporate Governance Annual Disclosure**

**Who does this rule apply to?**

*This rule applies to all insurers and insurance groups conducting business in the state of Idaho.*

**What is the purpose of this rule?**

*The purpose of this rule sets procedures for filing and required content of the Corporate Governance Annual Disclosure (CGAD), necessary to carry out the provisions of Title 41, Chapter 64, Idaho Code.*

**What is the legal authority for the agency to promulgate this rule?**

*This rule implements the following statutes passed by the Idaho Legislature:*

Insurance -

Department of Insurance:

- [41-02, et seq., Idaho Code](#) – The Department of Insurance
- Corporate Governance Annual Disclosure:
- [41-64, et seq., Idaho Code](#) – Corporate Governance Annual Disclosure

**Who do I contact for more information on this rule?**

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## 18.07.10 – CORPORATE GOVERNANCE ANNUAL DISCLOSURE

### 000. LEGAL AUTHORITY.

Sections 41-211 and 41-6404(2), Idaho Code.

(7-1-24)

### 001. SCOPE.

This rule establishes procedures for filing the contents of the Corporate Governance Annual Disclosure (CGAD) per Title 41, Chapter 64, Idaho Code.

(7-1-24)

### 002. – 009. (RESERVED)

### 010. DEFINITIONS.

**01. Senior Management.** Any corporate officer responsible for reporting information to the board of directors at regular intervals or providing this information to shareholders or regulators, including, without limitation, all chief level executives.

(7-1-24)

### 011. FILING PROCEDURES.

**01. Format.** The insurer or insurance group has discretion to appropriately format the CGAD and may customize the CGAD to provide the most relevant information necessary for the director to understand the corporate governance structure, policies and practices they utilize.

(7-1-24)

**02. Completion on Insurance Group Level.** Per Section 41-6403(1), Idaho Code, if Idaho is not the lead state and the CGAD is filed with the lead state for the group, a copy of the CGAD will also be provided to the chief regulatory official of any state in which the insurance group has a domestic insurer, upon request.

(7-1-24)

**03. Referencing.** An insurer or insurance group may comply with this section by referencing other existing documents if the documents provide information that is comparable to the contents described in Section 012. The insurer or insurance group will clearly reference the location of the relevant information within the CGAD and attach the referenced document if it is not already filed or available to the director.

(7-1-24)

### 012. CONTENTS OF CORPORATE GOVERNANCE ANNUAL DISCLOSURE.

The CGAD content will:

(7-1-24)

**01. Detail.** Be as descriptive as possible in completing the CGAD, with inclusion of attachments or example documents that are used in the governance process that may demonstrate the strengths of their governance framework and practices.

(7-1-24)

**02. CGAD Considerations.** Describe the insurer's or insurance group's corporate governance framework and structure including consideration of the following:

(7-1-24)

**a.** The board and various committees thereof ultimately responsible for overseeing the insurer or insurance group and the level(s) at which that oversight occurs (e.g., ultimate control level, intermediate holding company, legal entity, etc.). The insurer or insurance group will describe and discuss the rationale for the current board size and structure; and

(7-1-24)

**b.** The duties of the board and each of its significant committees and how they are governed (e.g., bylaws, charters, informal mandates, etc.), as well as how the board's leadership is structured, including a discussion of the roles of CEO and chairman of the board within the organization.

(7-1-24)

**03. Factors.** Describe the policies and practices of the most senior governing entity and significant committees thereof, including a discussion of the following factors:

(7-1-24)

**a.** How the qualifications, expertise and experience of each board member meet the needs of the insurer or insurance group.

(7-1-24)

**b.** How an appropriate amount of independence is maintained on the board and its significant committees.

(7-1-24)

**c.** The number of meetings held by the board and its significant committees over the past year including information on board member attendance.

(7-1-24)

**d.** How the insurer or insurance group identifies, nominates and elects members to the board and its committees. The discussion should include: (7-1-24)

- i. Whether a nomination committee identifies and select individuals for consideration. (7-1-24)
- ii. Whether term limits are placed on board members. (7-1-24)
- iii. How the election and re-election processes function. (7-1-24)
- iv. Whether a board diversity policy is in place and if so, how it functions. (7-1-24)

**e.** The processes in place for the board to evaluate its performance and the performance of its committees, as well as any recent measures taken to improve performance (including any board or committee training programs that have been put in place). (7-1-24)

**04. Additional Factors.** Describe the policies and practices for directing senior management, including the following factors: (7-1-24)

**a.** Any processes or practices (i.e., suitability standards) to determine whether officers and key persons in control functions have the appropriate background, experience and integrity to fulfill their prospective roles, including: (7-1-24)

- i. Identification of the specific positions for which suitability standards have been developed and a description of the standards employed. (7-1-24)
- ii. Any changes in an officer's or key person's suitability as outlined by the insurer's or insurance group's standards and procedures to monitor and evaluate such changes. (7-1-24)

**b.** The insurer's or insurance group's code of business conduct and ethics, the discussion of which considers: (7-1-24)

- i. Compliance with laws, rules, and regulations; and (7-1-24)
- ii. Proactive reporting of any illegal or unethical behavior. (7-1-24)

**c.** The insurer's or insurance group's processes for performance evaluation, compensation and corrective action to ensure effective senior management throughout the organization, including a description of the general objectives of significant compensation programs and what the programs are designed to reward. The description will include sufficient detail to allow the director to understand how the organization ensures that compensation programs do not encourage and/or reward excessive risk taking. This may include: (7-1-24)

- i. The board's role in overseeing management compensation programs and practices. (7-1-24)
- ii. The various elements of compensation awarded in the insurer's or insurance group's compensation programs and how the insurer or insurance group determines and calculates the amount of each element of compensation paid; (7-1-24)
- iii. How compensation programs are related to both company and individual performance over time; (7-1-24)
- iv. Whether compensation programs include risk adjustments and how those adjustments are incorporated into the programs for employees at different levels; (7-1-24)
- v. Any clawback provisions built into the programs to recover awards or payments if the performance measures upon which they are based are restated or otherwise adjusted; (7-1-24)
- vi. Any other factors relevant in understanding how the insurer or insurance group monitors its

compensation policies to determine whether its risk management objectives are met by incentivizing its employees. (7-1-24)

d. The insurer's or insurance group's plans for CEO and senior management succession. (7-1-24)

**05. Oversight.** Describe the processes by which the board, its committees and senior management ensure an appropriate amount of oversight to the critical risk areas impacting the insurer's business activities, including a discussion of: (7-1-24)

a. How oversight and management responsibilities are delegated between the board, its committees and senior management; (7-1-24)

b. How the board is kept informed of the insurer's strategic plans, the associated risks, and steps that senior management is taking to monitor and manage those risks; (7-1-24)

c. How reporting responsibilities are organized for each critical risk area. The description should allow the director to understand the frequency at which information on each critical risk area is reported to and reviewed by senior management and the board. This description may include the following critical risk areas of the insurer: (7-1-24)

i. Risk management processes (An ORSA summary report, if filed under Title 41, Chapter 63, Idaho Code, may be referenced per Subsection 011.01 of these rules); (7-1-24)

ii. Actuarial function; (7-1-24)

iii. Investment decision-making processes; (7-1-24)

iv. Reinsurance decision-making processes; (7-1-24)

v. Business strategy/finance decision-making processes; (7-1-24)

vi. Compliance function; (7-1-24)

vii. Financial reporting/internal auditing; and (7-1-24)

viii. Market conduct decision-making processes. (7-1-24)

**013. – 999. (RESERVED)**