

CORPORATE GOVERNANCE ANNUAL DISCLOSURE STATEMENT

File with the

PENNSYLVANIA INSURANCE COMMISSIONER

By

(INSERT COMPANY OR GROUP NAME)

(INSERT COMPANY ADDRESS)

(INSERT DATE)

Name, title, address, and telephone number of the individual to whom notices and correspondence concerning this Statement should be addressed:

(INSERT NAME)

(INSERT TITLE)

(INSERT COMPANY NAME)

(INSERT ADDRESS)

(INSERT TELEPHONE NUMBER)

(INSERT FAX NUMBER)

(INSERT EMAIL ADDRESS)

A. Introduction

This Corporate Governance Annual Disclosure (CGAD) is filed by **(INSERT COMPANY NAME)** (hereinafter **“Company”**) to set forth information with respect to the Company’s corporate governance framework, policies, practices and related matters, as required by 40 Pa. C.S. § 3901 et seq.

This CGAD and any accompanying CGAD-related information are privileged and shall be given confidential treatment pursuant to 40 Pa. C.S. § 3907.

Pursuant to 40 Pa. C.S. § 3904(d)(1), disclosures in this Statement are made with respect to **(INSERT COMPANY NAME)** at the **(INSERT LEVEL AT WHICH THE CORPORATE GOVERNANCE ANNUAL DISCLOSURE IS COMPLETED. CHOOSE FROM THE 3 OPTIONS BELOW OR INDICATE WHETHER A COMBINATION OF LEVELS WAS CHOSEN):**

- 1) The ultimate controlling parent level, or
- 2) An intermediate holding company level, or
- 3) The individual legal entity level.

The level (or combination of levels) of disclosure above was chosen based upon **(IDENTIFY WHICH OF THE 3 CRITERIA WAS USED TO DETERMINE THE LEVEL OF DISCLOSURE. IF THE LEVEL OF DISCLOSURE IS DIFFERENT THAN THE LEVEL USED FOR THE PREVIOUSLY FILED CGAD, EXPLAIN WHY. CHOOSE FROM THE 3 OPTIONS BELOW):**

- 1) The level at which the company’s or insurance group’s risk tolerance is determined, or
- 2) The level at which the company’s or the insurance group’s earnings, capital, liquidity, operations, and reputation are: A) collectively overseen and B) supervised, or
- 3) The level at which legal liability for failure of general corporate governance would be placed.

This criteria was used because **(INSERT A BRIEF EXPLANATION OF WHY THE PARTICULAR CRITERIA WAS CHOSEN).**

B. Corporate Governance Framework

1. Company Oversight and Board Structure

Describe the Board (including how many directors, how they are chosen, etc.) and identify any committees responsible for company oversight.

What are the level(s) at which oversight occurs (ultimate control level, intermediate holding company, legal entity, etc)?

What is the rationale for the current Board size and structure?

2. Duties of the Board and its Committees.

What are the duties of the Board and each significant committee?

How is the Board governed (bylaws, charters, informal mandates, etc)?

How is the Board's leadership structured?

What is the role of the Chief Executive Officer and Chairman of the Board within the organization?

C. Board Policies and Practices.

1. Board Qualification, Experience and Expertise

How do the qualifications, expertise, and experience of each Board member meet the needs of the Company?

2. Board Independence

How is the appropriate amount of independence maintained by the Board and its significant committees?

3. Meetings and Director Attendance

How many Board meetings have been held in the last year and what is each board members attendance record?

4. Nomination and Election Process for the Board and its Committees

How does the Company identify, nominate and elect members to the Board and its committees?

Is a nominating committee used?

Are there term limits on directors?

How does the election and reelection process function?

Is a Board diversity policy used? If so, how does it function?

5. Evaluating Board and Committee Performance

How does the Board evaluate its performance?

How does the Board evaluate the performance of its committees?

Have any recent measures (training programs, etc.) been taken to improve performance of the Board and/or committees? If so, please provide a brief description of the same.

D. Practices for Directing Senior Management.

1. Determining Appropriate Background Experience and Integrity of Key Persons

What processes and practices or suitability standards are used to determine if officers and key persons in control functions have the appropriate background, experience and integrity to fulfill their roles?

Identify the specific positions for which suitability standards have been developed and for each position, provide a description of the standards employed.

Have these standards been modified since the last CGAD was filed?

If so, what procedures are in place to monitor and evaluate these changes?

2. Code of Business Conduct and Ethics

Does the Company have a code of business conduct and ethics? Explain how it is consistent with pertinent laws, rules or regulations, if any.

How does the code of business conduct address proactive reporting of any illegal or unethical behavior?

3. Evaluation of Performance and Compensation Programs

What processes and practices are used to evaluate performance, compensation, and corrective action to ensure effective senior management?

What are the general objectives of significant compensation programs?

What are the compensation programs designed to reward?

What is the Board's role in overseeing management compensation programs and practices?

What are the elements of compensation awarded in the compensation programs? How is each element determined and/or calculated?

How are compensation programs related to both Company and individual performance over time?

Does the compensation program include risk adjustment? If so, how are those adjustments incorporated at different levels?

Does the compensation program have any "clawback" provisions to recover awards or payments?

Does the compensation program include any other risk based incentives?

4. Succession Planning

What is the Company's plan for Senior Management succession?

E. Critical Risk Areas Impacting Business Activities.

1. Oversight Delegated Between the Board, its Committees and Management

How are oversight and management responsibilities delegated between the Board, its committees, and Senior Management?

2. Board Oversight of Strategic Plans, Associated Risks and Monitoring

How is the Board kept informed of the Company's strategic plans, the associated risks, and steps Senior Management is taking to monitor and manage those risks?

3. Reporting for Critical Risk Areas (Model Reg. 306 § 5E(3))

What are the Company's critical risk areas (Examples could include risk management processes, actuarial function, investment decision-making processes, reinsurance decision-making processes, business strategy, finance decision-making processes, compliance function, financial reporting, internal auditing, market conduct decision-making processes)?

For each critical risk area identified above, what is the frequency at which information is reported and reviewed by Senior Management or the Board?

How are reporting responsibilities organized for each critical area? What is the frequency of reporting and review?

F. List of Exhibits

To the extent the Company has chosen to include documents, if any, that supplement this disclosure, the following list contains all the Exhibits attached to this CGAD:

Exhibit A	(INSERT TITLE OF EXHIBIT A)
Exhibit B	(INSERT TITLE OF EXHIBIT B)

Signature and Certification

SIGNATURE

Pursuant to the requirements of 40 Pa. C.S. §3904(e), [INSERT COMPANY NAME] has caused this CGAD to be duly signed on its behalf in the City of **(INSERT CITY NAME)** and State of **(INSERT STATE NAME)**, on the **(INSERT DAY)** day of **(INSERT MONTH)**, **(INSERT YEAR)**.

(INSERT COMPANY NAME)

By: _____

(INSERT NAME)

(INSERT TITLE)

Attest:

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached CGAD, dated **(INSERT DATE)**, for and on behalf of **(INSERT COMPANY NAME)** and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief. Deponent hereby certifies that **(INSERT COMPANY NAME)** has implemented corporate governance procedures and that a copy of this CGAD has been provided to **[BOARD OF DIRECTORS OR APPROPRIATE COMMITTEE]**.

(INSERT UNDERSIGNED NAME OF CEO OR CORPORATE SECRETARY)