

2.2.3 Orientation of New Trustees

That the initial organizational meeting of a newly elected Board of Trustees shall be held immediately after the conclusion of the General Assembly at which they are elected.

2.3 Board Appointments and Re-elections

The Board of Trustees shall be elected every three years by majority of its members during its annual meeting.

The independent trustee shall be elected by the majority of its members upon the nomination of the Nomination Committee of the Board of Trustees. Notwithstanding the foregoing, for the duration that the Association is under conservatorship of the Insurance Commissioner, the independent trustee shall be appointed by, and shall serve at the pleasure of the Insurance Commissioner.

2.4 Code of Ethics and Conduct

2.4.1 Code of Conduct and Ethics for Trustees

Members of the board, management, officers and employees are committed to adhere to ethical business conduct/corporate governance rules and principles as follows:

a) Dealings of the Association with any of its trustees, officers, and their related interests shall be in the regular course of business and upon terms not less favourable to the Association than those offered to others to avoid insider abuses and unfair competitive advantage.

b) The Board of Trustees and the created committees must be able to perform their duties with a high degree of independence; Board of Trustees, officers and employees shall not engage in any act or omission which may be considered as conducting business in an unsafe and unsound manner;

c) Every member of the organization should promote the good reputation of the Association in dealing with members and other parties that transact business with the institution (e.g. ensuring payment of claims within the 1-3-5 day target);

d) The Board of Trustees and the management shall at all times fully disclose material information dealings such as acquisition or disposition of asset, board changes, related party transactions, corporate strategy and off balance sheet transactions;

e) The Association office's facilities shall not be used in the furtherance of any criminal activity;

f) Members of the board and senior management shall disclose material interest in transactions affecting or which may affect the Association;

g) The board shall review all material transactions that are not done in the ordinary course of business;

h) Board of Trustees, officers and employees shall not enter into business transactions where conflict of interest may arise;

i) Board of Trustees, officers and employees shall not accept material benefits from someone doing business with the Association; and

j) The board shall put in place a system for imposition of sanctions and/or penalties for violation of the code/standards.

2.5 Remuneration of the Members of the Board and Officers

The General Manager, Administrative Officer, Chief Accountant and Auditor shall receive such salary and/or benefits as may be fixed by the Board. The President, Vice President, Secretary and Treasurer shall receive no salary, but may receive allowances, in addition to per diems and other emoluments authorized for members of the Board of Trustees.

2.6 The Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance.

2.6.1 Oversight & Audit Committee

The Oversight & Audit Committee shall consist of at least three (3) trustees, who shall preferably have accounting and finance experiences and shall serve for three years, or co terminus with the Board of Trustees. The committee shall meet at least quarterly and shall not be entitled to any salary but shall be entitled to per diem and reimbursement of actual expenses for attendance of official meetings equal to those received by members of the Board of Trustees. The chair of the Audit Committee should be an independent trustee. The committee shall have the following functions:

2.6.1.1 Provides oversight of the institution's internal and external auditors.

2.6.1.2 It shall be responsible for the setting-up of internal audit department, and the appointment of the internal auditors as well as of independent external auditors.

2.6.1.3 It shall monitor and evaluate the adequacy and effectiveness of the internal control system of the company

2.6.2 Nomination Committee

The Nomination Committee shall be composed of at least three (3) members of the Board of Trustees, one of them must be an independent.

The members of the Nomination Committee in accordance with the election code of the association should perform the following functions:

2.6.2.1 Review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Trustees.