

GOVERNANCE COMMITTEE MEETING (OPEN)

AGENDA ITEM 3

ATTACHMENT 3-I

REVIEW of the BOARD MEMBER EDUCATION
and TRAVEL EXPENSE REIMBURSEMENT POLICY

PRESENTED BY: Jeanne Cain

November 18, 2010

RESOLUTION APPROVING
STATE COMPENSATION INSURANCE FUND
BOARD MEMBER EDUCATION and
TRAVEL EXPENSE REIMBURSEMENT POLICY

WHEREAS, the Board of Directors ("Board") of the State Compensation Insurance Fund ("State Fund") operates pursuant to a statute that authorizes each of its members to be reimbursed for "his or her actual and necessary traveling expenses incurred in the performance of his or her duties as a member" of the Board [Insurance Code sec. 11770(d)(1)]; and

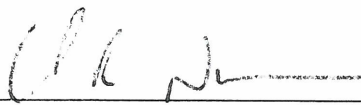
WHEREAS, the Board and State Fund executive staff believe that the term "necessary traveling expenses" should be more precisely defined for purposes of the Board's expense and reimbursement policies and practices; and

WHEREAS, development of a policy defining the activities that result in reimbursable expenses by State Fund to its Board members is in the best interest of the organization;

NOW, THEREFORE, BE IT RESOLVED, THAT:

The Board hereby adopts the State Compensation Insurance Fund Board Member Education and Travel Reimbursement Policy that is attached hereto.

I, Carol R. Newman, Corporate Secretary for State Compensation Insurance Fund Board of Directors, hereby certify that the foregoing resolution was adopted by the Board of Directors at their regular meeting held September 11, 2009.



Carol R. Newman, Corporate Secretary

September 22, 2009

Date

Attachment

BOARD MEMBER EDUCATION AND TRAVEL EXPENSE REIMBURSEMENT POLICY – OVERVIEW

Adopted on September 11, 2009

Policy includes, but is not limited to:

<i>Will Reimburse</i>	<i>Will <u>Not</u> Reimburse</i>
More than 50 miles from primary residence.	<i>International Travel</i> is disfavored.
2-day program and one day greater than 9 hours, or reasonable expectation of State Fund related work before/after meeting adjourns.	* <i>Personal Items</i> such as: Alcoholic beverages, tobacco, in-room movies, barber/beauty shop, gifts, magazines, personal telephone calls, and mini-bar charges.
2-day program and meeting starts at/or before 8:30am.	Individual <i>Meal expenses</i> in excess of \$60 for any one (1) day. **\$60 is also <i>not a per diem</i> .
Roundtrip Coach Class fare for <i>Air Travel</i> to authorized meetings/events.	When a meal is provided to Board members at a State Fund meeting or other State Fund function, or is included in the cost of a conference registration fee, mode of travel (e.g. airfare), or other State Fund-paid activity, Board members will not be entitled to reimbursement for that meal.
Actual expenses for <i>lodging</i> in a standard class Hotel, excluding *Personal Items (refer to list in <i>Will <u>Not</u> Reimburse</i> column). Please request Government or Conference Rate.	
In the case of an extended trip or an <i>emergency</i> situation, laundry and dry cleaning expenses may be reimbursed.	
<i>Cancellation fees</i> incurred due to urgent State Fund business or the cancellation of a meeting or event by the organizing entity.	
Actual <i>Meal expenses</i> up to a maximum of \$60 per day. **This is <i>not a per diem</i> and includes payments of gratuities (max 20%). Receipts required for any meal exceeding \$25.	
<i>Parking and tolls</i> are current rates. Receipts required for any items over \$25.	
Actual <i>mileage driven</i> using personal automobile for transportation on State Fund business. Reimbursed at current IRS rate.	
Actual expenses for <i>taxi, hired cars, and public transportation</i> for State Fund business. Receipts required for any items over \$25. <i>All Car Rentals</i> require receipts, regardless of amount.	
<i>Porterage</i> – up to a maximum of \$10.00 per day of travel.	
<i>Incidental business expenses</i> (telephone, fax, internet access, and similar business expenses) reasonably incurred in connection with State Fund business shall be reimbursed as necessary and appropriate. Receipts are required in each instance of such business expense	

**STATE COMPENSATION INSURANCE FUND
BOARD MEMBER EDUCATION AND
TRAVEL EXPENSE REIMBURSEMENT POLICY**

APPROVED:

Board of Directors September 11, 2009
Governance Committee September 10, 2009

I. Purpose.

The State Compensation Insurance Fund (“State Fund”) Board of Directors (the “Board”) recognizes the importance of each of its members’ participation in regular Board and Committee meetings, and their regular education regarding topics pertinent to State Fund. In addition, as required by California Insurance Code section 11770, State Fund seeks to ensure that Board members are properly trained to perform their duties and are, on an ongoing basis, exposed to up-to-date information regarding best practices in the numerous subject matters that are pertinent to the operation of the State Fund, including, without limitation, the duties and obligations of members of a board of directors, corporate governance, ethics, board of director legal issues, insurance, finance and investment, and information technology.

In furtherance of these purposes and to establish uniform and clear guidelines for the reimbursement for Board members’ travel-related expenses incurred as a result of their performing State Fund duties, the Board adopts this Board Member Education and Travel Expense Reimbursement Policy (the “Travel Expense Reimbursement Policy”).

This Travel Expense Reimbursement Policy is intended to be applied and interpreted in compliance with the relevant provisions of the California Insurance Code and California Government Code, all other applicable law, and in harmony with State Fund’s mission statement, policies and guidelines.

II. Guidelines.

State Fund shall reimburse Board members for their actual and necessary travel expenses incurred while participating in Board and Committee meetings, training programs that have been pre-authorized by the Board, and in the performance of any other appropriate State Fund duties. The purpose of this Travel Expense Reimbursement Policy is to set forth approval procedures, to impose certain limitations on travel expense reimbursements, and to promote prudent and cost effective travel.

A. Approval.

Travel on State Fund business within California need not be approved in advance as long as overnight accommodations are not provided. The Board hereby approves for purposes of authorizing reimbursement under this Policy, and their current cost, the actual and necessary costs for attendance at the regular and special Board and/or Committee meetings.

Reimbursement of travel expenses for Board members to attend an educational program, or other business for State Fund that includes overnight accommodations, requires the prior approval of the Board, except under exigent circumstances when such

approval cannot be obtained in advance; provided, however, that State Fund will not pay for overnight accommodations in locations that are within fifty (50) miles of a Board member's residence and business office, unless the Board member attends at least two days of a program or meeting and one of the following circumstances apply i) the length of at least one of the official days, as listed on the official agenda, is nine (9) hours or longer; or ii) there is a reasonable expectation that additional reading, course work, or State Fund-related work will be required at the beginning or end of the program or meeting day; or iii) the meeting commences at or before 8:30 a.m. Board attendance at conferences outside of the United States are generally disfavored.

B. Limitation on Attendance by Board Members.

A Board member is authorized to attend up to two (2) approved educational programs that require overnight accommodations each calendar year. In the event it is necessary for a Board member to attend more than two approved educational programs in any given calendar it requires prior approval of the Board. A list of educational programs that the Board hereby approves for purposes of authorizing reimbursement under this Policy, and their current registration cost, is attached as Exhibit B to this Policy. The Board training opportunities shall be updated bi-monthly and provided to the Board on the Consent Calendar. Attendances by Board members at any educational programs that are sponsored by State Fund are excluded from this limitation. A majority of Board members, or of a Standing Committee of the Board, are not authorized to meet together for business purposes unless there is public notice of the meeting in accordance with the Bagley-Keene Act. Attendance at educational conferences and seminars that are open to the public and social activities at which State Fund business is not discussed, by more than a majority of the members of the Board or a Committee is not a violation of this provision.

C. Authorized Expenses.

Board members shall be entitled to reimbursement, either directly or through business expense reimbursement requests submitted by State Fund employees on a Board member's behalf, for travel expenses and for all other necessary expenses incurred in connection with State Fund business on the terms set forth herein and as reflected in the schedule attached as Exhibit A to this Policy.

Meals provided by State Fund to Board members while they are conducting State Fund business (and thus not paid for by State Fund through reimbursement requests) are excluded from the attached schedule's limitations.

The Board hereby authorizes State Fund to sponsor educational training programs for the Board at a calendar year expense to State Fund not to exceed the amount that will be included in a Training Budget to be adopted by the Board annually.

D. Claims for Reimbursement.

Reimbursement for travel by a Board member shall be submitted on State Fund's Expense Reimbursement Forms, which shall be reviewed and approved (or disapproved) by the President, or the President's designee, in accordance with the provisions of this Travel Expense Reimbursement Policy. All claims should be submitted within sixty (60) days following the completion of travel. In no event will a claim for reimbursement be approved if submitted ninety (90) days after the end of the calendar year in which the

expense was incurred. Board members shall reimburse State Fund for all advances or reimbursements made in excess of allowable expenses within ninety (90) days from the date State Fund submits a refund request.

E. Expenses for Traveling Companions.

Under no circumstances shall State Fund pay or provide reimbursement for the expenses of a family member or traveling companion of a Board member; provided, however, that reimbursable expense that would be the same if incurred by a State Fund Board member without a traveling companion (e.g., for a taxi) need not be reduced from the full actual cost.

F. Limitations on Expense Allowance.

Reimbursement for expenses shall not exceed that which is reasonable and necessary for travel to the precise destination and date of the covered occurrence, whether by private automobile or common carrier. Expense costs for extra days prior to or after a conference and/or meeting will be reimbursed only if such extension results in the same or lower overall trip costs in accordance with this Travel Expense Reimbursement Policy.

G. Travel and Lodging Cancellations.

Board members are responsible for the timely cancellation of or change to any registration to a conference where fees may be charged and/or travel and lodging reservations are made on their behalf. Board members shall be responsible for the costs of any fees charged as a result of the failure to timely cancel or resulting from changes to said reservations, unless cancellation is due to State Fund business and unless otherwise approved, on a case-by-case basis, by the President.

H. Travel Expense Reports.

The President shall report all travel expenses reimbursed to Board members by State Fund on the consent calendar that is submitted to the Board at each regular Board meeting. All travel expense reimbursements to Board members are subject to review and a determination by the Board that the payments are in accordance with the provisions of this Travel Expense Reimbursement Policy.

I. Gifts of Travel and Education.

Prior to accepting or using payment or reimbursement for travel from any source other than State Fund or a Board member's employer, it is recommended that a Board member obtain the advice of counsel to ensure that such payment complies with the provisions of the Political Reform Act and the implementing regulations adopted by the Fair Political Practices Commission. Board members shall be responsible for tracking and properly reporting any such payments on the Board member's Form 700-Statement of Economic Interests.

All proposed gifts or payments for travel to State Fund must be approved in advance by the Board after obtaining advice from the General Counsel as to whether such payment complies with the provisions of the Political Reform Act and the implementing regulations adopted by the Fair Political Practices Commission.

J. Travel Arrangements.

All hotel arrangements for which reimbursement will be sought shall be made through or coordinated with the office of the President.

III. Policy Review.

The Board shall review this Travel Expense Reimbursement Policy by year end 2010 and at least every three years thereafter, to assure its efficacy and relevance. This Travel Expense Reimbursement Policy may be amended from time to time by majority vote of the Board.

EXHIBIT A -- EXPENSE REIMBURSEMENT SCHEDULE

Airline Travel

Board members shall be reimbursed for actual and necessary expenses for airfare for approved travel on State Fund business. Any scheduled U.S. or recognized international air carrier may be used for domestic or international travel. A fully refundable coach class ticket shall be purchased, which shall be at competitive prices. If a restricted or excursion class ticket is purchased at the request of a Board member and the ticket is subsequently cancelled, the Board member shall be required to reimburse State Fund for the cost of the ticket, unless a credit voucher for future travel is issued by the air carrier; charges incurred because of urgent State Fund business or the cancellation of a meeting or event by the organizing entity are exempt from this requirement.

If savings can be realized on the airfare by having a Board member extend his or her stay to include a Saturday night, at his or her option, said Board member may extend his or her stay in order to realize such savings. State Fund shall reimburse the cost associated with the additional lodging and meals resulting from an extended itinerary, not to exceed the savings in airline fare.

If, at the conclusion of a business-related trip, it would be impractical for a Board member to return home the same day and arrive home prior to 10:00 p.m. California time due to the distance that must be traveled, or the unavailability of a return flight, the Board member may lay over for one additional night and State Fund shall reimburse the costs associated with the additional lodging and meals resulting from the extended stay.

Hotels

Actual expenses for lodging in a standard class of hotel shall be reimbursed by State Fund. Whenever possible, a request for a government or conference rate should be made. If State Fund has obtained a negotiated rate at a preferred hotel for a particular event, Board members may not be reimbursed for more than the amount of that negotiated rate. While meals charged to the hotel bill shall be reimbursed in accordance with this Travel Expense Reimbursement Policy, State Fund shall not reimburse expenses related to alcoholic beverages, tobacco, in-room movies, barber/beauty shop, gifts, magazines, personal telephone calls and mini-bar charges. In the case of an extended trip or an emergency situation, laundry and dry cleaning expenses may be reimbursed. Cancellation fees incurred because of urgent State Fund business or the cancellation of a meeting or event by the organizing entity are exempt from this requirement.

Original hotel receipts must be submitted along with a completed State Fund Expense Reimbursement Form to obtain reimbursement.

Meals

A Board member will be reimbursed for the cost of meals, either directly or through an expense statement submitted by a State Fund employee, up to \$60.00 total per day. Meal expenses in excess of the total daily limit are at the expense of the Board member. The meal limit is not a per diem. Meal expenses on the day of travel may be claimed (i) for breakfast if the departure is prior to 6 a.m., and/or (ii) for dinner if arrival is completed after 7:00 p.m.

A Board member shall be reimbursed for a gratuity of up to 20% of the cost of the meal. No reimbursement will be made for alcoholic beverages. A Board member must provide a receipt for any meal that exceeds \$25.00.

When a meal is provided to Board members at a State Fund meeting or other State Fund function, or is included in the cost of a conference registration fee, mode of travel (e.g. airfare), or other State Fund-paid activity, Board members will not be entitled to reimbursement for that meal.

Automobile Mileage

A Board member who uses his/her personal automobile for transportation on State Fund business may be reimbursed for the actual mileage driven on business and shall report such mileage on a State Fund Expense Reimbursement Form. Reimbursement shall be made at the per-mile rate allowed by the Internal Revenue Service.

Parking and Tolls

Parking and tolls will be reimbursed at current rates. A receipt is required for amounts over \$25.00.

Public Transportation

Use of taxis, hired cars and public transportation for State Fund business shall be reimbursed at actual rates; provided, however, those Board members are encouraged to use the most economically reasonable form of public transportation that is reasonably available to them. A receipt is required for amounts over \$25.00.

Car Rentals

The use of a rental car by a Board member shall be reimbursed when it is economically reasonable to rent a vehicle rather than use taxis, hired cars or public transportation. Rental car discounts must be used whenever possible and appropriate. If available, midsize or smaller vehicles should be requested, unless several Board members will be using the vehicle together. Receipts are required for all car rentals.

Incidental Business Expenses

Incidental business expenses reasonably incurred in connection with State Fund business, such as telephone, fax, internet access, and similar business expenses, shall be reimbursed as necessary and appropriate. Receipts are required in each instance of such business expense.

Porterage

Maximum reimbursement for porterage is \$10.00 per day of travel. Receipts are not required for porterage.

EXHIBIT B – PRE-APPROVED EDUCATIONAL CONFERENCES

(As attached)

Provider	Start Date	End Date	Cost	Topics	Subject
State Compensation Insurance Fund San Francisco, CA	ongoing	ongoing	Online	Sensitive Electronic Information Protection Program (SEIPP) - ONLINE Learn how to effectively utilize this file sharing/transfer protocol for exchanging documents and data.	Technology Security Awareness
Southwest Regional Compliance & Ethics Conference (SCEC) http://www.corporatecompliance.org/	ongoing	ongoing	Live & Post-session recording CD-ROM \$315	Web Conference CD - Speaker Jonathan E. Turner, CFE, CII, Managing Director Wilson & Turner Incorp., Chair Board of Regents Association of Certified Fraud Examiners (ACFE) Core Areas include: Who commits Fraud? How they Succeed? When are they caught? How are they caught? What can be done? What needs to be done NOW?	Fraud
Society of Corporate Compliance and Ethics	ongoing	ongoing	DVD (SCCE members: \$450 per segment, or \$1175 for the series) (Non-members: \$495 per segment, or \$1295 for the series)	The Ethics Series with Dr. Marianne Jennings - DVD Series (1) Ethics Is a Competitive Advantage - list five key reasons why ethics matter. This program explores why working in the gray areas is risky and a recipe for non-sustainable business (20 min.) (2) Speaking up Without Fear - discusses work environments where employees keep silent and fear retaliation if ethical concerns are reported. This program explores how organizations can draw out wrongdoing and help create a culture where employees feel empowered. (15 min.) (3) Ethical Leadership: Tone at All Levels - explores how employees can handle the tension between increasing an organization's bottom line and protecting its good reputation. this program discusses what every employee can do to help build and sustain an ethical culture. (20 min.) www.corporatecompliance.org	Ethics
LRP Conferences Event at: Las Vegas Convention Center 3150 Paradise Rd. Las Vegas, NV 89109	11/10/10	11/12/10	\$1,445	19th Annual National Worker's Compensation and Disability Conference & Expo: Program Sampling: 1) Selecting the Best Tools for your Workers' Compensation Program 2) Needle-Moving States: Developments That Drive the Nation 3) Doing More with Less: Lessons Learned From the Ression http://www.wcconference.com/	
NACD (National Association of Corporate Directors-Atlanta Chapter) Event at: Buckhead Club 3344 Peachtree Road NE 26th fl. Atlanta, GA 30326	11/17/10 11:15 am	11/17/10 1:00 pm	\$70 (Non Members)	Crisis Management. How Boards Prevent, Protect, Respond and Recover Program Description: In the current environment a crisis can quickly spin out of control as seen with BP and HP. Speaker James W. Satterfield has worked with Presidents, CEOs, COOs, and Boards of various public and private companies. He is a recognized expert in the field of preparedness and crisis management. He will share his experiences and advise to keep difficult situations from spiraling out of control. https://secure.nacdonline.org/	Crisis Management
IFRS Boot Camp: International Financial Reporting Standards (IFRS) Convergence Update and Planning Approaches Event at: Marriott Marquis Times Square 1535 Broadway New York, NY	11/17/10 9:00 am	11/17/10 5:30 pm	\$895	Workshop presented by Deloitte and Financial Executives International (FEI) , will provide an update on various recent convergence and statutory matters impacting plans for IFRS in the United States. It will present financial executives with practical information, considerations for cost-effective approaches and an overview of time-saving tools for addressing IFRS assessments and conversions in their organizations. www.deloitte.com	Financial Reporting

Provider	Start Date	End Date	Cost	Topics	Subject
The Conference Board InterContinental Hotel Chicago, IL	11/17/10	11/18/10	\$ 2,495 pp	Enterprise Risk Management Conference Considers some of the emerging trends, learning, needs and practices of stakeholders, tools and approaches that meet the needs of the states of our current organizations and reflect the maturing nature of succession management. http://www.conference-board.org/conferences/	Risk
NACD Directors Education Event at: California Chamber of Commerce 1215 K Street, #1400 Sacramento, CA 95814	11/30/10 noon	11/30/10 2:30 pm		How to Prepare to be a Board Member. How to Get on a Board. How to Act Effectively on a Board. What makes a good/effective board member? How does one even get on a board - corporate or major non-profit? What is the best way to prepare oneself for board work? http://www.nacdnorcal.org/	Governance
KPMG Audit Committee Institute Event at: Four Seasons Hotel San Francisco 757 Market Street San Francisco Ca 94103	12/2/2010 8:00 am	12/2/2010 10:30 am		Fall 2010 Audit Committee Roundtable - San Francisco 1) Risk, Reform and the Audit Committee Agenda, will explore how audit committees and boards are helping to guide their companies forward in the current environment. 2) What lessons can be taken from recent business crises and calls to strengthen risk management and oversight going forward? 3) The wave of regulatory reforms - from healthcare and Dodd-Frank to FASB convergence projects - has important implications for audit committee oversight. https://www.seeuthere.com/	Audit
Corporate Directors Forum 2011 Event at: University of San Diego-Joan B Kroc Institute for Peace & Justice San Diego, CA	1/23/2011 5:00 pm start	1/25/2011 12:00 pm end	TBD	"Directors Forum: Directors, management & Shareholders in Dialogue" uniquely brings together institutional investors, company directors and regulatory agencies. Panels are balanced to include all points of view to promote understanding through lively, insightful exchanges. The bar is high-we help directors and officers meet today's escalating expectations for excellence. http://www.directorsforum.com	Governance
Division of Worker's Compensation Educational conference Event at: Sheraton Los Angeles, CA	02/24/11	02/25/11	TBD	18th Annual - Division of Workers' Compensation educational conference http://www.dir.ca.gov/dwc/	Workers' Compensation
Division of Worker's Compensation Educational conference Event at: Marriott Oakland, CA	02/28/11	03/01/11	TBD	19th Annual - Division of Workers' Compensation educational conference http://www.dir.ca.gov/dwc/	Workers' Compensation

Provider	Start Date	End Date	Cost	Topics	Subject
Talent Management Strategies Conference Event at: Marriott Coronado Island Resort, San Diego, CA	03/02/11	03/03/11	\$1645 - Pre-Conference 3/1/11 \$2495 - Conference \$695 - Post Conference Workshop	Does your current Talent Management Strategy meet the needs of your business leaders and address the complexities of the changing business environment? 1) Simple talent management strategies that address the needs of an increasingly complex, global environment. 2) Innovative, would class talent management approaches that can be customized and scaled to your organization. 3) Practical talent management tools that can be used in organizations of all sizes. 4) Network opportunities with talent management professionals and dedicated time to build skills as a talent management practitioner. http://www.conference-board.org	Leadership
The Conference Board Event at: InterContinental The Barclay New York, NY	3/9/2011	03/09/11	\$1645 - Pre-Conference (Associate \$200 disc.- Reg. Prior to 1/12/11 \$200 disc)	The Fifth Annual Strategic Crisis Leadership Forum Program Sampling: (1) A Crisis Management Plan Must be Comprehensible, Flexible, and Tested (2) Resilience and Recovery: A New Focus for Security Preparedness (3) Emerging roles and Impact of Social Media in Crisis Management (4) Tools: Plans, Techniques, and Partnerships http://www.conference-board.org	Crisis Leadership Forum
The Conference Board Event at: InterContinental The Barclay New York, NY	3/092011	3/10/2011	2495 (Associate \$300 disc.- Reg. Prior to 1/12/11 \$200 disc)	Corporate Security, Business Continuity, and Crisis Management Conference Program Sampling: (1) Learn best practices, tools and processes from leading companies (2) Network with other world-class leaders and rising stars (3) Take away an action plan of best ideas to implement immediately http://www.conference-board.org/conferences/	Security Business Continuity Crisis Mgmt
Navigating IFRS: Convergence Update and Planning Approaches Event at: Deloitte 191 Peachtree Street NE #200 Atlanta, GA	3/22/11 8:00 am	3/23/11 5:00 pm	\$1200 before 1/1/2011 \$1500 after 1/1/2011	Two-day training program to learn about key IFRS accounting principles and practical considerations related to IFRS implementation. Deloitte IFRS leaders will deliver course sessions that address important technical accounting changes, tax considerations, technology, and systems questions. www.deloitte.com	Financial Reporting

Provider	Start Date	End Date	Cost	Topics	Subject
National Association of Mutual Insurance Companies (NAMIC) Event at: JW Marriott Denver @ Cherry Creek, Denver, CO	05/23/11	05/25/11	TBD	Directors' Education Series Boot Camp and Advanced Courses Designed to educate board members of mutual insurance companies on their roles in their companies by addressing the more complex issues and risks involved in strategic decisions as well as the key areas needed to understand the mutual insurance industry. The curriculum is consistent for each Boot Camp and is led by a core group of faculty. Directors Education Series: Advanced Courses focus on board of directors and targets directors who already have experience in the area of governance. It is not a pre-requisite to have attended Directors' Boot Camp, but it is very important to have a good understanding of governance prior to attending the advanced courses. The areas of succession planning, governance for mutual's, liability issues, and financial statements will be discussed in greater depth. http://www.namic.org/	Boot Camp
Society of Corporate Compliance and Ethics (SCEC) Event at: TBD San Francisco CA	06/24/11	06/24/11	TBD	West Coast Regional Compliance Conference Attendees learn about current regulatory requirements, government enforcement initiatives, and the management of effective compliance programs and meet and network with other compliance professionals locally. www.corporatecompliance.org	Compliance