

HTM Insurance Company  
Board Response – Fraud and Error

The following questionnaire was completed by Terry Calnan, of Hamilton Township Mutual Insurance Company.

**Auditor's Risk Management Questionnaire**

- 1. How are conflicts of interest identified within the organization and dealt with by the Board of Directors of Hamilton Township Mutual Insurance Company?**

*Two sections of our policy manual deal with conflict:*

***Confidentiality & Conflict of Interest***

*When a confidentiality breach or an undeclared conflict of interest is brought to light it will be reported to the Chair or Vice-Chair who will meet with the board member in question.*

*The outcome will depend upon the severity of the breach, and the content of the discussion. The Chair or Vice-Chair will determine if the matter will be brought to the whole board.*

***Conflict of Interest***

*Board members must avoid conflict of interest with respect to their fiduciary responsibility. This requires that board members declare their personal interest in any board agenda items and refrain from discussion and vote whenever they or the board believe there to be a conflict.*

- 2. Does the Board have any set procedures when dealing with insurance claims by Directors and Employees? Have there been any claims dealing with Directors or Employees during the year?**

*Board members declare a conflict if it's their claim. If the applicable member is part of the Board meeting, they are excused from the meeting while the approval of their claims is discussed. A new policy was put in place allowing claims to be initially approved by the executive and then reported to the board. This is based on timing whether the executive committee approach is needed. A minimum of two adjusters are assigned to any claim and the President/CEO is informed of every staff or director claim for review.*

- 3. How has the Board commissioned management to identify and respond to areas that exist within the organization where fraud could easily occur and be least detected?**

*There are a number of policies in place. All cheques are signed by two individuals. Claims adjusters do not have signing authority.*

*The VP Finance being responsible to check all credit card statements but the CEO's*

*The President being responsible to check the VP Finance credit card statements*

*The Chair is responsible to check the President's credit card statements at least on a quarterly basis*

*The Directors provide their expense form to another director for approval.*

- 4. How are the ethics of the organization communicated to its members – e.g. to employees and the Board of Directors?**

*It's communicated through our policy manuals, mission statements and at our annual meetings. All employees and Directors have signed a code of ethics statement which are kept electronically.*

- 5. What systems are in place to allow for someone to report to the highest-level necessary if they suspect fraud – i.e. “whistle-blower”?**

*We have a wrongful acts policy which is on-line and available to all employees of the company.*

- 6. Is the Board aware of any instance of fraud or deliberate error in the current or past two years?**

*No*

- 7. How does the Board determine what claims to ultimately deny?**

*We review and approve all staff and director claims. Claims are handled by the adjusters and claim's manager. Would be denied based on policy wording and DEC page*