

Core Evaluation Criteria (What the Board Evaluates)

1. Statutory Mission & Market Stability (XX%)

- Execution of insurer-of-last-resort responsibilities
- Maintaining availability
- Appropriate use of depopulation mechanisms
- Balancing affordability with actuarial soundness

Board focus: operational discipline.

2. Financial Stewardship & Catastrophe Readiness (XX%)

- Solvency, liquidity, and claims-paying capacity
- Reinsurance and catastrophe risk financing strategy
- Post-event funding readiness, including assessments if necessary

Board focus: Preparation for catastrophes.

3. Risk Management, Controls & Compliance (XX%)

- Enterprise Risk Management effectiveness
- Early identification and escalation of risk
- Audit discipline and remediation

Board focus: avoidance of surprises.

4. Regulatory, Legislative & External Relations (XX%)

- Credibility with TDI and oversight bodies
- Transparent engagement with legislators and stakeholders
- Ability to manage political pressure without mission drift

Board focus: trust and credibility.

5. Operations, Leadership & Governance (XX%)

- Operational performance, including response to surge events
- Strength and readiness of the leadership team
- Transparency and candor with the Board

Board focus: organizational resilience.

Leadership Behaviors

In addition to outcomes, the Board places weight on a small number of **competency behaviors** that predict future risk:

- Early escalation of emerging risks (Korn Ferry Competency: Ensures Accountability)
- Holding statutory and funding boundaries (KF: Balances Stakeholders)
- Quality of judgment under uncertainty (KF: Decision Quality)
- Willingness to recommend difficult financial actions (KF: Financial Acumen)
- Candor with the Board, especially on bad news (KF: Communicates Effectively)
- Building an organization that can perform without over-reliance on the GM (Builds Effective Teams & Develops Talent)
- Demonstrated learning after events (KF: Manages Risk, Nible Learning)

Review Process

GM self-assessment using the same scorecard as the Board

Independent Board evaluation and executive-session discussion

Feedback discussion led by the Board Chair

- Evaluation outcomes inform:
- Compensation considerations
- Contract decisions
- Expectations for the coming year

In catastrophe years, a **post-catastrophe evaluation addendum** supplements the annual review.