



GROUP INSURANCE BOARD

Adopted: November 13, 2012

Revised: January 19, 2012

CONFLICT OF INTEREST POLICY

A Group Insurance Board (Board) member shall not let his or her private interests interfere with the Board member's fiduciary duty to the public employee trust fund.

CONFLICT OF INTEREST

A conflict of interest can arise when a Board member has a direct or indirect personal or financial interest in a matter that interferes with the Board member's fiduciary duty to the beneficiaries of the public employee trust fund to act in good faith on behalf of the fund and not for the Board member's own interest or for the interest of others.

DISCLOSURE OF ACTUAL AND POTENTIAL CONFLICTS

All actual and potential conflicts of interest must be promptly disclosed.

A conflict can exist, but the nature of the conflict can be such that, in the Board member's estimation, the conflict does not interfere with the Board member's fiduciary duty and would not require disclosure, recusal, or other measures. However, it is the Board's policy that proactive disclosure of all potential conflicts will support and promote the welfare of the public employee trust fund.

Therefore, a Board member shall promptly disclose to the Board Chairperson any personal or outside interest, relationship, or responsibility (financial, professional, or otherwise) held by the Board member regarding any matter that is or will be presented for the Board's discussion or consideration. The Board Chairperson will obtain advice from the Board's legal counsel regarding the potential conflict.

All Board members have a duty to promptly report any actual or potential conflict of interest of which the Board member becomes aware, whether such conflict resides with the Board member or with another Board member.

If the Board Chairperson has an actual or potential conflict of interest, the Chairperson shall promptly disclose the matter to the Secretary of the Department of Employee Trust Funds. The Secretary will obtain advice from the Board's legal counsel regarding the potential conflict.

All disclosures shall be made in writing and as soon as possible after the conflict is known to the Board member.

RECUSAL

Any Board member with an interest, relationship, or responsibility that conflicts with the Board member's fiduciary responsibility to the public employee trust fund shall recuse

himself or herself from any discussions, negotiations, appeal hearings, and any votes on the issue that gave rise to the conflict and, if necessary, from the Board meeting, or applicable part thereof.

RESIGNATION

If a Board member fails to disclose a substantial conflict of interest, or has a significant continuing and irreconcilable conflict of interest that impedes the Board member's ability to carry out his or her fiduciary responsibility to the public employee trust fund, resignation from the Board or from the conflicting interest may be required by Board action.

BOARD ACTION

For any potential conflict, the Board, with the abstention of the interested Board member, may decide whether a conflict of interest exists and whether such Board member may participate in any discussion or vote on the issue that gave rise to the potential conflict. No such decision is necessary in the event that the Board member has already recused himself or herself from the discussions and vote on each issue that gave rise to the conflict.

AVOIDING THE APPEARANCE OF A CONFLICT OF INTEREST

Board members should be mindful not to put themselves into situations that can be perceived by others as a conflict of interest. Even the perception of a conflict of interest can erode the public's confidence in specific Board decisions.

SELECTED STATUTORY REFERENCES

WIS STAT. § 40.01 (3) COMPATIBILITY OF TRUSTEE RESPONSIBILITIES.

Membership on the employee trust funds board, group insurance board, deferred compensation board, Wisconsin retirement board and the teachers retirement board shall not be incompatible with any other public office. The board members and the employees of the department shall not be deemed to have a conflict of interest in carrying out their responsibilities and duties in administering this chapter, or taking other appropriate actions necessary to achieve the purposes of this chapter, solely by reason of their being eligible for benefits under the benefit plans provided under this chapter. However, any board member or employee of the department is expressly prohibited from participating in decisions directly related to a specific benefit, credit, claim or application of the person and from participating in negotiations or decisions on the selection of actuarial, medical, legal, insurance or other independent contractors if the board member or employee of the department has a direct or indirect financial interest in or is an officer or employee or is otherwise associated with the independent contractor.

WIS. STAT. § 19.46 CONFLICT OF INTEREST PROHIBITED; EXCEPTION. (1)

Except in accordance with the ~~board's~~ commission's advice under ~~s. 5.05(6a)~~ sub. (2) and except as otherwise provided in sub. (3), no state public official may:

- (a) Take any official action substantially affecting a matter in which the official, a member of his or her immediate family, or an organization with which the official is associated has a substantial financial interest.
- (b) Use his or her office or position in a way that produces or assists in the production of a substantial benefit, direct or indirect, for the official, one or more members of the official's immediate family either separately or together, or an organization with which the official is associated.

(3) This section does not prohibit a state public official from taking any action concerning the lawful payment of salaries or employee benefits or reimbursement of actual and necessary expenses, or prohibit a state public official from taking official action with respect to any proposal to modify state law or the state administrative code.

WIS. STAT. § 946.13 PRIVATE INTEREST IN PUBLIC CONTRACT PROHIBITED

(1) Any public officer or public employee who does any of the following is guilty of a Class I felony:

- (a) In the officer's or employee's private capacity, negotiates or bids for or enters into a contract in which the officer or employee has a private pecuniary interest, direct or indirect, if at the same time the officer or employee is authorized or required by law to participate in the officer's or employee's capacity as such officer or

employee in the making of that contract or to perform in regard to that contract some official function requiring the exercise of discretion on the officer's or employee's part; or

- (b) In the officer's or employee's capacity as such officer or employee, participates in the making of a contract in which the officer or employee has a private pecuniary interest, direct or indirect, or performs in regard to that contract some function requiring the exercise of discretion on the officer's or employee's part.

For ETF internal use:

Adopted*	Deferred Compensation Board Reviewed or Revised	Group Insurance Board Reviewed or Revised	Retirement Boards (ETF, TR, WR) Reviewed or Revised
11/13/2012		1/19/2012	3/18/2010

*Individual board policies may vary.