



AUDIT COMMITTEE OF THE BOARD OF IPB INSURANCE

TERMS OF REFERENCE EFFECTIVE 1st DECEMBER 2016

Name	Approval	Description
Board	31/10/12	Terms of Reference v1
Audit Committee	12/03/14	Terms of Reference 2014 v1
Audit Committee	08/04/14	Terms of Reference 2014 v2
Board	29/05/14	Terms of Reference 2014 Approved
Company Secretary	19/11/14	Terms of Reference 2015 v1
Audit Committee	26/11/14	Terms of Reference 2015 v2
Board	27/11/14	Terms of Reference 2015 Approved
Audit Committee	15/03/16	Terms of Reference 2015 Approved
Board	31/03/16	Terms of Reference 2016 Approved
Board	31/05/16	Terms of Reference 2016 Approved
Audit Committee	16/11/16	Terms of Reference 2017 Approved
Board	01/12/16	Terms of Reference 2017 Approved

Audit Committee Terms of Reference

1. Purpose

- 1.1 The Audit Committee is a Sub-Committee of the Board of IPB Insurance with responsibility delegated to it for supporting the Board in meeting its oversight responsibilities for IPB Insurance's financial reporting, internal controls, management of financial risks, audit processes and processes for monitoring legal and regulatory compliance whilst the Board can't abrogate its responsibility for this delegated function.

2. Membership

- 2.1 The Board shall appoint Members on the Nomination Committee's recommendation via its responsibility for setting and revoking terms, generally with a duration in the order of 3 years, with appointments subject to annual review and at the Board's absolute discretion via the annual Board and Committee Performance Evaluation Exercise.
- 2.2 The Audit Committee, in recognition of the requirements of the EU (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, & Regulation (EU) No 537/2014) Regulations 2016 and in support of the importance of maintaining the independent of the Audit Committee, shall appoint an Independent Non-Executive Director as Committee Chairman for recommendation for approval by the Nomination Committee and the Board in recognition of their regulatory responsibilities in this regard in terms of the Corporate Governance Requirements for Insurance Undertakings 2015 and fitness and probity process management and if absent, Committee Members shall elect an Independent Non-Executive Director as an alternate for the duration.
- 2.3 Appointment shall not proceed and on-going appointment may be impacted if possible conflicts of interest significant to Committee work emerge (to include a conflict which might arise in relation to a change in personal circumstances which is required to be declared to the Committee Chairman and the Board Chairman).
- 2.4 The Committee shall comprise not less than 3 Members consisting of Non-Executive Directors, the majority being Independent Non-Executive Directors and the number of Members shall be sufficient to handle the nature, scale and complexity of its business whilst neither the Chairman of the Board nor the CEO shall be a Committee Member. In circumstances where the Board comprises only 5 Members, the full Board including the Chairman and the CEO may act as the Audit Committee and Minutes of Audit Committee Meetings so convened shall reflect the sitting circumstances.
- 2.5 The Audit Committee as a whole shall have relevant financial knowledge and experience and at least 1 Committee Member shall have an apt qualification and per S167.6 of the Companies Act 2014, at least 1 of the Independent Non- Executive Director Committee Members shall have competence in accounting or auditing whilst there shall be at least 1 shared Committee Member between IPB Insurance's Audit Committee and Risk Committee and Committee Members shall engage in order that the Risk Committee can draw on the work of the Audit Committee and External and Internal Auditors.

3. Secretary

- 3.1 The Company Secretary or their duly appointed nominee shall act as Secretary.

4. Meetings

- 4.1 The Committee shall meet at least quarterly, to coincide with important financial reporting dates, with at least 1 Committee Meeting at the planning stage and 1 at the

reporting stage and aspects of sessions in Committee to support operating in a manner consistent with ensuring independence and all other Committee Meetings as required.

- 4.2 The Committee Chairman shall convene a Meeting on any Member's request, subject to satisfaction of the quorum of 2 Members for transacting business with decisions by majority vote with the Committee Chairman or their alternate having the casting vote with all Members eligible to vote unless a reasonably perceived conflict exists in which case conflicted Members shall not participate in decisions or discussion.
- 4.3 Members shall attend each Meeting in person and participate via videoconference or teleconference or via confirmation of approvals via email if physical presence is not possible due to circumstances beyond their control (for example, in illness) with attendance or participation and eligibility to vote minuted as appropriate.
- 4.4 Committee Meetings shall usually only be attended by Committee Members whilst the Chairman of the Board, CEO, CFO and representatives of the Internal and External Auditors shall be invited as apt with attendances managed to ensure independence. The Committee Chairman and Committee Members, in consultation with the Committee Chair, may invite any IPB Insurance officer or employee, external advisor or others to attend all or part of Committee Meetings, as apt whilst they shall have access to the Board Chairman, the Board and management as and when so required.
- 4.5 Minutes of all Committee Meetings shall be circulated to all Committee Members for approval within 5 working days of each Committee Meeting and finalised Minutes shall issue in advance of Board Meetings upon the Committee Chairman's approval.

5. Resources

- 5.1 The Company Secretary shall provide an induction programme for new Committee Members, covering the Committee's role and the time commitments expected of them.
- 5.2 The Committee shall give consideration to relevant laws and regulations in undertaking its duties with requisite resources and advice accessible via the Company Secretary.
- 5.3 The Committee shall support education for its Members and, in accordance with Section 2.4 hereof, training shall be provided on an on-going basis to inform consideration of principles and developments in financial reporting and company law, understanding financial statements, accounting standards and recommended practice, the regulatory framework for IPB Insurance, internal audit and external audit and risk management.

6. Role and Responsibilities

- 6.1 Financial Reporting: review financial announcements and reports and material information accompanying financial statements in order to recommend Board approval. In doing so, the Committee shall monitor IPB Insurance's financial statements, annual and interim accounts to ensure they give a true and fair view and review going concern assumptions, summary financial statements and significant regulatory returns and challenge their content where necessary with particular attention to a consideration of:
 - (a) The consistency of, and any change to, accounting policies on a year on year basis;
 - (b) Methods to account for significant or unusual transactions if others apply;
 - (c) Whether IPB Insurance has followed apt accounting standards and made apt estimates and judgements, taking into account the views of the External Auditor;
 - (d) Disclosure clarity in IPB Insurance's financial accounts and statement context.
- 6.2 Internal Controls and Risk Management Systems: monitor the effectiveness of IPB Insurance's internal controls, risk management and IT systems and remedial action.

This will include approving and reviewing the framework for securing compliance across all areas and ensuring the monitoring of material issues and their reporting to the Board.

- 6.3 Internal Audit: select and recommend team appointment or termination to the Board and annually review (a) effectiveness per remit, reporting procedures and resource adequacy and qualifications, skills and experience and internal quality processes and (b) independence per rotation processes, unrestricted access to functions, personnel and data and recognition of the Internal Auditors' accessibility to the Board and Board Chairman and (c) efficacy of the audit work plan, results and management responses.
- 6.4 External Audit: oversee the selection process for External Auditors and recommend appointment, reappointment or removal to the Board, for AGM approval by Members and investigate the circumstances of any resignation and decide if action is required. In overseeing IPB Insurance's External Auditors, the Committee shall (a) approve engagement terms and recommend remuneration via fees for audit or non-audit work; (b) assess annually in Committee the effectiveness of the function and the audit per resource adequacy, qualifications, skills and experience and unrestricted access to functions, personnel and data and recognition of the External Auditors' accessibility to the Board and Board Chairman, internal quality processes and independence per rotation processes and ensuring no family, employment or business relations exist (other than in the ordinary course of business).
- 6.5 The Committee shall meet the External Auditors regularly, including at the audit planning stage and the reporting stage, to review required changes to the next year's audit, any issues, accounting and audit judgements; reporting procedures and levels of error; the representation letter and management letter and management's responses.
- 6.6 Whistleblowing: review IPB Insurance's procedural arrangements for identifying wrongdoing and fraud, raising concerns in confidence and ensuring initiation of proportionate, and independent investigations and determination of apt action.
- 6.7 Other: the Committee shall undertake any other related duties as directed by the Board.

7. Committee Effectiveness

- 7.1 The Committee shall undertake a documented review of its overall performance and effectiveness and the appropriateness of its Terms of Reference at least annually, and per IPB Insurance's policies and procedures with queries at any time on interpretation or requirements for prior approval by the Audit Committee or Board to be addressed collectively to the CEO, CCO and Company Secretary prior to taking action, with recommendations provided to the Board on revisions identified via review. Revised Terms of Reference shall be circulated to management for adherence and published on the IPB Insurance website following Committee and Board approval.

8. Reporting Procedures

- 8.1 The Committee shall operate in a manner consistent with ensuring its independence and commensurate with the reporting of its activities and decisions to the Board. The Committee Chairman shall report to the Board on proceedings particular to all matters within its duties and responsibilities after each Committee Meeting and the Committee shall make whatever recommendations to the Board that it deems to be apt on any area within its remit where it deems any action or improvement to be needed.
- 8.2 The Committee shall produce an annual Board report on its activities and responsibilities and the manner in which it discharged its duties since the previous period for inclusion in IPB Insurance's Stakeholder and Annual Report and the Committee Chairman shall be available to answer questions on Committee activities at General Meetings.