



BOARD OF DIRECTORS OF IPB INSURANCE

TERMS OF REFERENCE EFFECTIVE 1st DECEMBER 2016

Name	Approval	Description
Board	26/09/12	Terms of Reference & MRFTB V1
Board	27/03/14	Terms of Reference & MRFTB 2014 V1
Company Secretary	28/03/14	Terms of Reference & MRFTB 2014 Approved
Company Secretary	20/11/14	Terms of Reference & MRFTB 2015 V1
Board	27/11/14	Terms of Reference & MRFTB 2015 Approved
Board	31/03/16	Terms of Reference 2016 Approved
Board	31/05/16	Terms of Reference 2016 Approved
Board	01/12/16	Terms of Reference 2017 Approved

This document represents the Terms of Reference and Schedule of Matters Reserved for the Board ('MRFTB') applicable to IPB Insurance, reflecting the Framework within which IPB Insurance's Board operates as apt per the nature of the business. This document is reviewed on an annual basis and amended to reflect regulatory and legislative developments or revisions in IPB Insurance's governance structure or business. The Schedule of MRFTB has been prepared by reference to best practice within the Irish jurisdiction and the particulars outlined in the Corporate Governance Requirements for Insurance Undertakings 2015 ('the Requirements') with consideration of the most apt guidance for IPB Insurance per the UK's Institute of Chartered Secretaries and Administrators' MRFTB Guidance and adherence to the Terms of Reference and MRFTB is thus monitored and reviewed annually. Failure to comply with Regulations (legislative provisions, statutory instruments, administrative notices, supplementary requirements and standards set out by the Central Bank of Ireland as applicable to IPB Insurance can lead to regulatory sanction, thus the letter and spirit of Regulations require compliance with the within content accordingly interpreted and applied.

Purpose

- 1.1 The Board is constituted as IPB's overarching committee with responsibility for the effective, prudent and ethical oversight of IPB Insurance through strategic leadership, effective direction and implementation of all items detailed within the attached Schedule of Matters Reserved for the Board in accordance with the provisions of the Articles of Association and all applicable regulatory and legislative requirements.

2. Membership

- 2.1 The Board shall be of sufficient size and expertise to adequately oversee IPB Insurance's operations with a minimum of 5 Directors and the majority of the Board shall be Independent Non-Executive Directors ('INEDs') or Non-Executive Directors ('NEDs') provided that at least 3 INEDs are Members as agreed with the Central Bank of Ireland ('CBI') and Executive Director particulars agreed by the Board are notified to the CBI.
- 2.2 The Board, through the Remuneration and Nomination Committee, is responsible for appointing Board Members and setting terms with appointments and Board Membership subject to annual review and revocations at the Board's absolute discretion via the annual Board and Committee Performance Evaluation Exercise. Appointment, election or re-election to the Board shall be conducted per the Articles of Association, company law and regulatory requirements and the position of any INED who is a Board Member for 9 years or more shall be reviewed with documented rationale for continuance advised to the CBI in writing and reviewed annually thereafter.
- 2.3 The Board shall select a Chairman and Deputy Chairman who shall, where possible, be an INED or a NED with CBI agreement and these roles shall be proposed to the Board for election or reappointment annually and in the Board Chairman's absence, the Deputy Chairman shall so act and if absent, a Board Member shall be elected to chair.
- 2.4 Appointment shall not proceed if possible conflicts of interest of significance to the Board's overall work may emerge and Board Members shall not participate in decision making or discussion if a reasonably perceived potential conflict of interest exists (to include a conflict relating to a change in personal circumstances required to be declared to the Committee Chair and Board Chair) whilst decisions shall be by majority vote with the Board Chair having the casting vote and it resting with their alternate if absent.

3. Secretary

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

4. Meetings

The Board shall meet at least 6 times a year at times agreed by the Chairman and Board Members, with additional Board Meetings scheduled at the Chairman's discretion and the Chairman shall convene a Board Meeting on the request of any Board Member who deems it necessary, subject to satisfaction of the quorum of 5 Board Members.

- 4.1 Board Members shall attend each Board Meeting in person with participation via video/teleconferencing or confirmation of approval via email or nomination of a proxy permissible on absence owing to work commitments or circumstances beyond their control (e.g., in illness) and participation and eligibility to vote minuted.
- 4.2 The Chairman and Board Members, in consultation with the Chairman, may invite any IPB Insurance officer or employee, external advisors or others to attend all or part of any Board Meeting as apt whilst they shall have access to them as and when required.

5. Resources

- 5.1 The Company Secretary shall provide an induction programme for new Board Members on the role of the Board and time commitment expectations and Board Members shall have access to material concerning IPB Insurance's background, operations and performance and on-going training on these matters and developments in the insurance industry which is routinely updated as necessary to ensure informed decision-making.
- 5.2 The Board shall give consideration to relevant laws and regulations in undertaking its duties and dedicated support shall be accessible via the Company Secretary on matters requiring additional or separate advice to that available in the normal Board process. The Board is authorised via the Company Secretary to obtain internal and external accounting, legal or other professional advice at IPB Insurance's expense, and to appoint and secure the input of external consultants and advisors if considered beneficial.

6. Role and Responsibilities

- 6.1 The Board is responsible for the effective, prudent and ethical oversight of IPB Insurance via strategic leadership and effective direction and implementation of all items detailed within the attached Schedule of MRFTB and the Terms of Reference of any Board Sub-Committees per the Articles of Association and regulatory and legislative requirements and authorised to investigate any activity within its Terms of Reference, seeking any information required from any source and specifically regarding the Schedule of MRFTB.
- 6.2 The Board has delegated authority to the CEO to run IPB Insurance in conjunction with management within the strategic objectives and annual business plan approved by the Board and in keeping with the values, strategies, policies, plans and budgets endorsed by the Board and the CEO shall provide regular reports to the Board and secure apt approvals in respect of progressing operation of IPB Insurance's day to day business.
- 6.3 Sub-Committees of the Board:
 - 6.3.1 The Board is responsible for the oversight of each of its Sub-Committees to which it may delegate authority to act on its behalf in certain matters with documented Terms of Reference evidencing all delegated functions the performance of which is monitored on an on-going basis via reporting to the Board by the Sub-Committees with such Terms of Reference reviewed annually for Board approval.
 - 6.3.2 The Board cannot abrogate its responsibility in relation to work completed by its Sub-Committees and they shall report regularly to the Board and Minutes of all Committee Meetings shall be circulated to all Committee Members for approval within 5 working days of each Sub-Committee Meeting and finalised Minutes shall issue in advance of Board Meetings upon Sub-Committee Chair's approval and outputs of delegated functions must be submitted for Board noting or approval. Minutes of all Board Meetings shall be circulated to all Board Members for approval within 5 working days of each Board Meeting and finalised Minutes shall issue in advance of Board Meetings upon the Board Chairman's approval.
 - 6.3.3 In deciding whether or not to establish Board Sub-Committees, the Board shall ensure that in the absence of establishing a Sub-Committee, it continues to have appropriate time available to it to adequately discharge its duties. The Board shall, at a minimum, establish an Audit Committee and a Risk Committee and as agreed with the CBI, the Remuneration Committee and Nomination Committee shall be established and convened as a collective entity.

6.3.4 INEDs and NEDs shall have a leading role in the Board's Sub-Committees, providing assurance that risk and audit functions are adequately carried out. The Board in appointing Board Members to Sub-Committees, shall via the Nomination Committee satisfy itself as to their relevant expertise and skills and ability to commit apt time to the Sub-Committee, failing which the Board shall remove them from the Sub-Committee and replace them with an apt Member.

6.3.5 Cross Committee Membership shall be encouraged in order that Board Members may gain a greater appreciation of risk considerations across IPB Insurance and the Audit Committee and Risk Committee shall have at least 1 shared Member. Cross Committee Membership shall be reviewed on an annual basis to ensure that no individual has unfettered control or exercises excessive influence.

6.3.6 Where the Board consists of 5 persons only, the full Board, including the Chairman and the CEO, shall act as the Audit Committee and/or Risk Committee and Meeting Minutes shall reflect that the Board was sitting in this context.

7. Board Effectiveness

7.1 The Board shall undertake a documented review of its effectiveness and overall performance and that of individual Directors 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 Board or its Sub-Committees to be addressed collectively to the CEO, CCO and Company Secretary prior to taking action, with Board recommendations 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 Board shall ensure satisfaction of legislative and regulatory reporting requirements and the Chairman and Board Members shall be available to answer questions on the Board's activities at General Meetings, producing an annual report in respect of 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.
- 8.2 The Board shall be able to explain its decisions to the CBI, ensuring reasonable availability to the CBI of a majority of the Board at short notice and submitting an annual compliance statement, specifying compliance with the Corporate Governance Requirements for Insurance Undertakings 2015 and notifying the CBI and stakeholders of material deviation from the Requirements within 5 working days of notification.
- 8.3 In the event of any material matter impacting business or material deviation from the defined risk appetite measure, the details and proposed remediation shall be notified to the CBI promptly in writing no later than 5 business days of awareness.
- 8.4 The Board shall report its approval of any decision to remove the head of a control function from office to the CBI within 5 working days together with clear articulation of the underlying rationale for the removal and avoidance of any agreement that would purport to preclude or dis-incentivise their provision of information to the CBI.
- 8.5 Directors shall without prejudice to the ability to report directly to the CBI, report material concerns about overall corporate governance without delay to the Board in the first instance and if not satisfactorily addressed within 5 business days of notification, promptly and directly to the CBI advising of the background and proposed remediation.

Schedule of Matters Reserved for the Board

Urgent and General Matters: the Board shall be responsible for:

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| <ul style="list-style-type: none">• Addressing material matters for escalation between Board Meetings via tele/videoconference with participation by as many Directors as possible to allow discussion, with Directors who cannot participate provided with Papers and an opportunity to give prior views to the Chairman, another Director or the Company Secretary with the need for urgency balanced with the overriding principle that each Director should receive as much information as possible, time to consider it properly and an opportunity to discuss the matter prior to commitment whereas Directors' approval may be obtained via electronic written resolution for routine matters where discussion is not deemed necessary. |
| <ul style="list-style-type: none">• Receiving reports and recommendations on matters of significance to IPB Insurance. |
| <ul style="list-style-type: none">• Ensuring no political donations are made per the Business Code of Conduct's ethics section. |
| <ul style="list-style-type: none">• Approving the appointment of IPB Insurance's principal professional advisers. |
| <ul style="list-style-type: none">• Prosecuting, defending or settling litigation, other than in the normal course of business, estimated or agreed as above €100,000 or otherwise material to IPB Insurance's interests. |
| <ul style="list-style-type: none">• Reviewing quarterly ex-gratia log submissions and approving ex-gratia payment proposals with a value in excess of €100,000. |
| <ul style="list-style-type: none">• Major changes to the rules of IPB Insurance's pension scheme (s), or changes of trustees or changes in the fund management arrangements when subject to IPB Insurance's approval. |
| <ul style="list-style-type: none">• Approving IPB Insurance's insurance cover including Directors' and Officers' Liability Insurance. |
| <ul style="list-style-type: none">• Reviewing this Schedule and the Board's performance against it at least annually. |

Strategic leadership: the Board shall be responsible for:

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| <ul style="list-style-type: none">• Setting and approving strategic and financial objectives, the business strategy and annual plan, operating and capital expenditure budgets and material amendments, commercial strategy including cessation of business or entry to new geographical areas and reviewing performance and ensuring any necessary corrective action is taken as apt. |
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Structure and Internal Controls: the Board shall be responsible for:

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| <ul style="list-style-type: none">• Approving, pre-implementation, changes to corporate structures and internal governance systems and controls including management structures, internal committees, authorities and signatories and organisational reporting channels and overseeing operations and ensuring on-going resource appropriateness and an adequate well-functioning Internal Audit function. |
| <ul style="list-style-type: none">• Ensuring that risk and compliance are properly managed and maintaining a sound system of control and risk management by approving the Risk Appetite Statement, identifying and addressing risks featuring in contingency plans per areas of vulnerability, risk appetite, risk management systems and regularly reviewing, updating and testing plans, assessing control processes to support strategy and objectives and approving internal control statements. |

Board & Other Roles: the Board shall be responsible prior to implementation for:

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| <ul style="list-style-type: none">• Changing the Board structure, size and composition, following Remuneration and Nomination Committee recommendations, to include Executive and Non-Executive appointments when due for review, re-election and otherwise as apt and annual determination of Directors' independence and validating nominations and recommending appointments to Members whilst recognising the Board's responsibility for developing and monitoring diversity policy implementation and determining continuation including suspension, termination or cessation. |
| <ul style="list-style-type: none">• Appointing and approving all aspects of Directors' roles including the Board Chair, Deputy Chair, Board Sub-Committee Chairs, Committee Members and the Company Secretary whilst noting the responsibility of the Audit Committee per its Terms of Reference in appointing an Independent Non-Executive Director as Committee Chair for recommendation for approval by the Nomination Committee and Board in recognition of their regulatory responsibilities per the Corporate Governance Requirements for Insurance Undertakings 2015 and fitness and probity process management whilst noting the Remuneration and Nomination Committee's approval of appointments of individuals who may have a material impact on IPB Insurance's risk profile |

defined as those who are or will be performing roles categorised as PCF, CF1 and/or remunerated with a basic salary of €100,000 or more and approving removal and ensuring adequate succession planning on Remuneration and Nomination Committee recommendations.

- Appointing, reappointing or removing the Head of Actuarial Function and the External Auditor for Members approval following Audit Committee recommendation.

Remuneration: the Board shall be responsible for:

- Ensuring the Remuneration Framework is in line with the risk strategy and excessive risk taking is not promoted and determining Remuneration Policy on Remuneration and Nomination Committee recommendations for the Board Chairman and Non-Executive Directors subject to the Articles and Member approval requirements, Executive Directors, the Company Secretary and individuals who may materially impact IPB Insurance's risk profile as defined above.

Financial reporting: the Board shall be responsible for:

- Approving and overseeing the Members Commercial Dividend Policy, Annual Report, Directors Report, accounts and records, planning soundness and statutory and regulatory compliance.

Capital maintenance: the Board shall be responsible for:

- Overseeing strategy for on-going management of material risks including inter alia liquidity risk and policies regarding amounts, types and distribution of internal capital and own funds adequate to cover risks and on-going maintenance and distribution for application in the context of risk management and claims functions per there being no issued share capital.

Communication: the Board shall be responsible for:

- Approving resolutions and associated documents to be put to Members at General Meetings.
- Approving Board press releases/communications with management co-ordination concerning Board decisions and reviewing media commentary on IPB Insurance on an on-going basis.

Corporate Social Engagement: the Board shall be responsible for:

- Approving the concept and social dividend budget of the Corporate Social Engagement Plan and associated Steering Committee recommended proposals exceeding €50,000.

Contracts: the Board shall be responsible for and must apply 2 Board signatures in:

- Approving capital projects of €250,000 + per the Authorisation and Signatories document.
- Approving contracts material strategically or due to size, entered in the ordinary course of business, e.g. for outsourcing or insourcing operations to or from a third party.
- Approving contracts not in the ordinary course of business, e.g. loans (other than Local Authority loans repayment of which is in progress and managed by the Finance Function) and repayments, major acquisitions or disposals per the Authorisation and Signatories document.
- Approving major investments including the acquisition or disposal of interests of more than 3% in the voting shares of any company or the making of any takeover offer.
- Approving providing a guarantee, indemnity or security not in the ordinary course of business.

Corporate Governance: the Board shall be responsible for:

- Undertaking an annual rigorous review of performance of the Board, Board Sub-Committees, Directors and the Company Secretary, subject to Central Bank of Ireland oversight and dividing the responsibilities of the Chairman, Directors and Company Secretary in writing.
- Effectively, prudently and ethically overseeing corporate governance arrangements, considering stakeholders including Members, Customers, Employees and Regulators, promoting and communicating apt risk and compliance cultures with regular internal review.
- Approving and leading adherence to all IPB Insurance Frameworks, Manuals and Policies, including regarding Compliance, Risk, Accounting, Investments, Expenses, Human Resources, Health and Safety, Communications, Governance, Expenses, Authorisation and Signatories.

Delegation of Authority: the Board shall be responsible for:

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| <ul style="list-style-type: none">• Matters delegated to Sub-Committees per their Terms of Reference requiring Board approval. (The Board retains responsibility for delegated functions and must ensure adequate controls and oversight via consideration of reports as it retains authority on final material decisions). |
| <ul style="list-style-type: none">• Delegating authority to third-party service providers and considering performance reports. |