



RISK COMMITTEE OF THE BOARD OF IPB INSURANCE

TERMS OF REFERENCE EFFECTIVE 1st DECEMBER 2016

Name	Approval	Description
Board	21/06/12	Terms of Reference v1
Risk Committee	26/03/14	Terms of Reference 2014 v1
Board	29/05/14	Terms of Reference 2014 Approved
Company Secretary	20/11/14	Terms of Reference 2015 v1
Risk Committee	27/11/14	Terms of Reference 2015 v2
Board	27/11/14	Terms of Reference 2015 Approved
Risk Committee	16/03/16	Terms of Reference 2015 Approved
Board	31/03/16	Terms of Reference 2016 Approved
Board	31/05/16	Terms of Reference 2016 Approved
Risk Committee	17/11/16	Terms of Reference 2017 Approved
Board	01/12/16	Terms of Reference 2017 Approved

Risk Committee Terms of Reference

1. Purpose

- 1.1 The Risk 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 current risk exposures and future risk strategy whilst the Board cannot abrogate 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. The Board, on recommendation by the Nomination Committee, shall appoint a Non-Executive Director or Independent Non-Executive Director as the Committee Chairman and if absent, Committee Members shall elect a Non-Executive Director or Independent Non-Executive Director Member as an alternate Committee Chair for the duration of the Committee Chairman's absence.
- 2.2 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).
- 2.3 The Risk Committee shall comprise not less than 3 Members and be composed of a majority of Non-Executive Directors and Independent Non-Executive Directors or a combination of both and they shall have relevant risk expertise and their number 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 Risk Committee and Minutes of Committee Meetings so convened shall reflect that the Board was sitting as the Risk Committee.
- 2.4 There shall be at least 1 shared Committee Member between IPB's Audit Committee and Risk Committee and Committee Members shall engage as appropriate in order that the Risk Committee can draw on the work of the Audit Committee and External Auditor.

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 as apt and otherwise as required and the Committee Chairman shall convene a Meeting on any Member's request, subject to satisfaction of the quorum of 3 Members as required for transacting business with decisions by majority vote with the Committee Chair or their alternate having the casting vote and all Members eligible to vote unless a reasonably perceived conflict exists wherein those conflicted shall not participate in decision or discussion.
- 4.2 .
Members shall attend each Meeting in person or 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.

- 4.3 The Board Chair, CEO, CFO, CCO, Head of Underwriting and Head of Claims shall be invited to Meetings as required and the Committee Chair and Members, in consultation with the Committee Chair, may invite any officer or employee, external advisor or others to attend all or part of Meetings, and access the Board Chair, Board and management.
- 4.4 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 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 and training on risk exposures and risk management principles and developments accessible via the Company Secretary.

6. Role and Responsibilities

The Committee's role and responsibilities shall include:

- 6.1 Risk Appetite: (a) establish a documented risk appetite for annual Board approval, expressed in qualitative terms with quantitative metrics to track performance and compliance with strategy (b) ensure adequacy of arrangements for identifying key risk exposures and reporting to the Board on risk appetite compliance and tolerance, taking account of overall risk appetite and capacity to manage risks within agreed strategy and IPB Insurance's financial position and drawing on the work of the Audit Committee and External Auditor (c) oversee the risk management function managed day to day by the CRO, ensuring risk appetite is reflected by both this and internal controls.
- 6.2 Risk Management: (a) liaise with the CRO to ensure development and maintenance of effective systems to include contingency plans to identify, measure, manage and escalate risks, including fraud, proportionate with and reflecting the nature, scale and complexity of IPB Insurance's risks and risk appetite (b) review the risk register, mitigation measures, material risk management updates and risk limit material breach reports and assess proposals (c) review the risk management framework annually to assure the Board of risk management and business unit independence with adequate resources and authority to operate effectively and deliver timely, accurate detailed data.
- 6.3 Capital Maintenance: advise the Board on effectiveness of strategies to include strategy for on-going management of material risks including inter alia liquidity risk and policies regarding the amounts, types and distribution of both internal capital and own funds adequate to cover the risks of IPB Insurance and on-going maintenance and distribution for application in the context of IPB Insurance's risk management and claims functions taking account of the fact that IPB Insurance has no issued share capital.
- 6.4 Claims: consider trends and market or regulation driven procedural changes notified to it.
- 6.5 Underwriting: consider underwriting policy or procedural changes and assess pricing proposals referred for approval per the Authorities and Signatories Document.
- 6.6 Reinsurance: review the reinsurance programme to ensure a satisfactory approach.
- 6.7 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 Risk Committee or Board to be addressed collectively to the CEO, CCO and Company Secretary prior to taking any 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.