IPB INSURANCE BOARD RISK COMMITTEE TERMS OF REFERENCE EFFECTIVE 1st August 2019

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 and advising the Board thereon whilst the Board cannot abrogate responsibility for this.

2. Membership

2.1 The Board shall appoint the Committee Chairperson and Committee Members on the REMCO's recommendation via its responsibility for setting and revoking terms with appointments informed per individual's skills, knowledge and experience and ability to commit appropriate time to appointments together with the annual Board and Committee Performance Evaluation Exercise outputs, generally with a 3 year duration subject to annual review and renewal at the Board's absolute discretion with an appropriate frequency considering the balance of experience and independence sought.

2.2 An Independent Non-Executive Director or a Non-Executive Director shall be appointed per point 2.1 hereof as the Committee Chairperson and, if absent, Committee Members shall elect an Independent Non-Executive Director Member or a Non-Executive Director Member as an alternate Chairperson for the duration of the Chairperson's absence.

2.3 The Risk Committee shall comprise such number of Committee Members as is sufficient to handle the nature, scale and complexity of its business and not less than 3 Members with a combination of Independent and Non-Executive Directors and relevant risk expertise as a whole, whilst Executive Directors shall not be Committee Members. If the Board comprises only 5 Members, the full Board including the Executive Directors may act as the Risk Committee and the associated Minutes shall reflect it as sitting as the Risk Committee with the CBI's prior written approval required per an intention for it to carry out Risk Committee functions without creating a separate Risk Committee.

2.4 There shall be at least 1 shared Committee Member between IPB Insurance's Risk Committee and REMCO and between IPB Insurance's Audit Committee and Risk Committee and Committee Members shall engage as appropriate so the Risk Committee can draw on the work of the Audit Committee and External Auditor. No single individual may hold the position of Audit Committee and Risk Committee Chairperson simultaneously and although key Board Sub-Committee cross-committee membership should be encouraged, the REMCO and Board shall manage cross-committee membership to ensure no one individual exercises excessive influence or control.

2.5 Per IPB's Business Code of Conduct which incorporates conflict of interest provisions particular to Directors, appointment shall not proceed and on-going appointment may be impacted with consideration given by the REMCO and Board to changing the Committee's composition if a reasonably perceived potential conflict of interest or actual conflict of significance to its work emerges (to include a perceived or actual conflict in relation to a change in personal circumstances required to be declared to the Committee Chairperson and Board Chairperson together with the Company Secretary who shall record and ensure addressing of this together with arranging for it to be declared to an alternate should it potentially involve either Committee Chairperson and Board Chairperson or both.

3. Secretary

3.1 The Director of Legal and Company Secretariat or their nominee shall act as Secretary.

4. Meetings and Reporting Procedures

4.1 Agendas detailing items for consideration and noting the date, time and venue of a Committee Meeting together with Minutes of the previous Committee Meeting and all relevant material for a Committee Meeting shall be circulated electronically to all Committee Members 7 calendar days in advance and in a sufficiently clear format.

4.2 The Committee shall meet at least quarterly as apt and otherwise as required. The Committee Chairperson shall convene a Meeting on any Member's request, subject to satisfaction of the quorum of 3 Committee Members in circumstances of a Member's absence and per satisfaction of Section 2.5 hereof as required for transacting business with decisions by majority vote with the Committee Chairperson 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 with issues associated with conflicts managed by the Company Secretary per Section 2.5 hereof and recorded in Minutes and referred for Board decision to overcome any quorum concerns.

4.3 Committee Members shall attend Committee Meetings regularly and in person wherever possible or participate via video/teleconference or with perspective communicated via email or telephone to the Company Secretary for confirmation of communication if it is the case that physical presence is not possible due to circumstances beyond their control (e.g. in illness) with participation and vote eligibility recorded. The Board, in consultation with the REMCO, shall remove a Committee Member unable to provide sufficient time to attend over the medium to long term and replace them with one with appropriate availability, skills, knowledge and experience.

4.4 Committee Meetings shall usually only be attended by the Committee and the Director of Legal & Company Secretariat, CEO, Finance Director, Observers, Director of Underwriting, Director of Member and Client Relations, Director of Operations, Head of Risk and Compliance, Senior Compliance Manager, Head of Claims, Head of Actuarial Function, Head of Investments and Head of Finance shall be invited to Meetings as required. The Committee Chairperson and Members, in consultation with the Committee Chairperson and Director of Legal & Company Secretariat, may invite any officer or employee, external advisor or others to attend all or part of Meetings, whilst Committee Members shall have access to the Board Chairperson, Board and Management and maintain a dialogue with key individuals involved in IPB Insurance's governance, inter alia the Board Chairperson, CEO, Director of Legal and Company Secretariat, Finance Director, Head of Risk and Compliance, External Audit Lead Partner and the Head of Internal Audit.

4.5 Draft Committee Meeting Minutes recording associated date, time, location, attendee and absentee details together with sufficient details of all key discussions, deliberations, dissensions and decision outcomes and points for further action to evidence appropriate Committee attention shall issue to all Members for approval within 10 working days of proceedings and thereafter to the Board. The Committee shall operate in a manner consistent with ensuring its independence and commensurate with reporting to the Board on its activities and decisions and recommendations on any area within its remit with the Committee Chairperson reporting to the Board on proceedings after each Meeting. An annual account of Committee activities shall feature in IPB Insurance's Stakeholder and Annual Report with the Committee Chairperson representing it at General Meetings.

5. Resources

5.1 The Director of Legal and Company Secretariat shall arrange induction for new Members covering the Committee's role and commitment requirements and support accessibility to requisite resources and training on risk exposures and risk management principles and developments and any regulation considered relevant to the Committee.

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 advising the Board on risk appetite compliance and tolerance for future strategy, taking account of overall risk appetite and capacity to manage risks within agreed strategy and IPB Insurance's overall financial position to include recognition of tax risk appetite and drawing on the work of the Audit Committee and External Auditor (c) oversee the risk management function managed day to day by the Head of Risk and Compliance, ensuring risk appetite is reflected by both this and internal controls.

6.2 Risk Management: (a) liaise with the Head of Risk and Compliance to ensure development and maintenance of effective risk management systems to include contingency plans to identify, measure, manage and escalate risks, including fraud and information security, 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 and adequacy of 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, Underwriting and Reinsurance: consider trends and policy and procedural changes and, per internal processes assess new product, pricing and material activity outsourcing proposals to inform CBI notification requirements with reinsurance strategy approval per CBI 2012 Guidelines on Reinsurance Cover of Primary Insurers and security of Reinsurers secured in the context of reinsurance programme and underwriting strategy review.

6.5 Strategy: advise the Board on due diligence on risk aspects and implications for IPB Insurance's risk appetite on strategic proposals including acquisitions and disposals and undertake any other activity related to its responsibilities 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 Director of Legal and Company Secretariat 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 implementation and published on the IPB Insurance website following Committee and Board approval.