

**IPB INSURANCE BOARD RISK COMMITTEE TERMS OF REFERENCE EFFECTIVE 15/04/21**

**1. Purpose**

1.1 The Risk Committee is a Sub-Committee of the IPB Insurance ('IPB') Board with responsibility delegated to it for supporting the Board in meeting its oversight responsibilities for IPB'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 ('INED') or a Non-Executive Director ('NED') shall be appointed per point 2.1 hereof as the Committee Chairperson and, if absent, Members shall elect an INED or a NED Member as an alternate for absence duration.

2.3 The Committee shall comprise such number of Members as is sufficient to handle the nature, scale and complexity of its business and not less than 3 Members with a combination of INEDs and NEDs and relevant risk expertise as a whole, whilst Executive Directors shall not be 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 so sitting with the CBI's prior written approval required per an intention for it to carry out Risk Committee functions without creating a Committee.

2.4 There shall be at least 1 shared Member between IPB's Risk Committee and REMCO and IPB's Audit and Risk Committees and Members shall engage as appropriate so the Risk Committee can draw on the work of the Audit Committee and External Auditor. No one individual may hold Audit and Risk Committee Chairperson roles simultaneously and although cross-committee membership is encouraged, REMCO and the Board shall manage this to ensure no 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 or actual conflict of significance to its work emerges (to include a perceived or actual conflict in relation to a change in personal circumstances which is required to be declared to the Committee Chairperson, Board Chairperson and Director of Legal & Company Secretariat ('DOLCS') for recording and resolution together with arranging for declaration to an alternate Chairperson or INED or NED or ED nominee of the DOLCS should it potentially involve either Chairperson or both with the DOLCS nominating to optimise transparency.

**3. Secretary**

3.1 The DOLCS or the Committee Chairperson's 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 Meeting together with preceding Meeting Minutes and supporting material shall be circulated electronically to all Members 7 calendar days in advance of proceedings.

- 4.2 The Committee shall meet at least quarterly as apt and otherwise as required and the Committee Chairperson shall convene a Meeting on any Member's request, subject to satisfaction of the quorum of 3 Members for transacting business with decisions by majority vote, the Committee Chairperson or their alternate having a casting vote and all Members eligible to vote unless a reasonably perceived conflict exists and conflicted Members shall not participate in decisions or discussion with conflicts managed by the DOLCS per S2.5 hereof, recorded in Minutes and quorum concerns for Board referral.
- 4.3 Members shall attend proceedings regularly and in person where possible or participate via video/teleconference or communicate perspective via email/ phone to the DOLCS for confirmation of communication if 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 replace a Member determined as unable to provide sufficient time to attend over the medium to long term with an appointee with appropriate availability, skills, knowledge and experience.
- 4.4 Committee Meetings shall be attended by the Committee with the DOLCS, Observers, CEO, Finance Director ('FD') and business representatives inter alia the Director of Underwriting, Director of Member & Client Relations, Director of Operations, Director of Risk & Compliance ('DORC'), Head of Compliance ('HOC'), Head of Claims, Head of Actuarial Function, Head of Information Technology, Head of Investments, Data Protection Officer and Data Privacy Specialist invited as appropriate per potential for contribution in the Committee's interests and in accordance with independence. The Committee Chairperson and Members, in consultation with the Committee Chairperson and DOLCS, 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 dialogue with key individuals involved in IPB's governance, inter alia the Board Chairperson, CEO, DOLCS, FD, DORC, External Audit Lead Partner and Head of Internal Audit and have authority and have authority to seek information and call any employee to address proceedings as required.
- 4.5 Draft Meeting Minutes recording date, time, location, attendee and absentee details and key discussions, deliberations, dissensions and decision outcomes and actions 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 Board reporting on its activities and decisions and recommendations on any area in its remit with the Committee Chairperson reporting to the Board thereafter. An annual account of Committee activities shall feature in IPB's Stakeholder and Annual Report with the Committee Chairperson representing it at General Meetings.

## **5. Resources**

- 5.1 The DOLCS shall arrange induction for new Members covering the Committee's role and commitment requirements and support accessibility to training on matters within the Committee's remit and securing of (at IPB's expense) independent legal, accounting or other professional advice as required by Directors to support discharge of their duties.

## **6. Role and Responsibilities:** the Committee's role and responsibilities shall include:

- 6.1 Risk Appetite: (a) document for annual Board approval, a risk appetite in qualitative terms with quantitative metrics to track performance and compliance with strategy (b) ensure adequacy of arrangements to identify key risk exposures and advise the Board on risk appetite compliance and tolerance for future strategy, taking account of overall appetite and capacity to manage risks within strategy and IPB's overall financial position to include recognition of tax risk appetite and drawing on Audit Committee and External Auditor work (c) oversee the risk management function managed day to day by the DORC, ensuring that risk appetite is reflected by both this and internal controls.

- 6.2 Risk Management: (a) liaise with the DORC to ensure development and maintenance of effective 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'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 Culture: nurture ongoing commitment to cultivation of an appropriate organisational culture where people can Speak Up, diversity and equity and inclusion is fostered and celebrated and activity is informed by a focus on securing of sustainability for the short, medium and long term aligned to IPB's mutual ethos and Member's interests with regular assessment of progress against agreed strategy, plans, targets and metrics.
- 6.4 Capital Maintenance: take an active role in the ORSA process, including documenting an ORSA Policy for annual Risk Committee and Board approval and steering assessment and challenging the results, advise the Board on effectiveness of strategies 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 IPB's risks and on-going maintenance and distribution for application in the context of risk management and claims functions and recognising there is no issued share capital.
- 6.5 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.
- 6.6 Strategy: advise the Board on due diligence on risk aspects and implications for IPB's risk appetite on strategic proposals including acquisitions and disposals, provide input and oversight to development of the Recovery and Resolution Plan in support of the annual Board review and approval process and information technology and data protection activity and undertake any other responsibility related activity as directed by the Board.

## **7. Committee Effectiveness**

- 7.1 The Committee shall undertake a documented review of its performance, effectiveness and the appropriateness of its Terms of Reference at least annually and per IPB's policies and procedures with interpretation or prior Risk Committee or Board approval requirement queries to issue to the DOLCS prior to acting and Committee and Board recommendations on identified enhancements to inform approval of revised Terms of Reference for publication on IPB's website and issuing for Management implementation.