

## **The Britannia Steam Ship Insurance Association Limited**

### **Regulated Board**

### **Terms of Reference**

#### **Introduction**

1. The primary decision making body of The Britannia Steam Ship Insurance Association Limited ("Britannia") is the Regulated Board ("the Board").
2. The Board is established pursuant to Britannia's Articles of Association ("the Articles") and, unless specifically stated otherwise, the terminology, words or expressions used in these Terms of Reference shall have the same meaning as in the Articles.

#### **Membership**

3. The Board consists of a minimum of seven and a maximum of twelve non-executive Directors plus two executive Directors appointed from Tindall Riley (Britannia) Limited ("TRB" or "the Managers") ("the Manager Directors"). The non-executive Directors shall include:
  - (a) the Chairman of the Board;
  - (b) the Deputy Chairman
  - (c) one or two expert Directors (having expertise in the marine, insurance or investment industries) ("the Expert Director(s)"), one of whom shall be the Senior Independent Director; and
  - (d) up to a further nine Directors.

#### **Role of the Board**

4. The Board shall:
  - (a) following recommendations from the Nomination Sub-Committee, decide upon the election, re-election and removal of Directors, the Chairman, the Deputy Chairman, the Expert Directors, the members of the Board's sub-committees and who shall act as Chairmen of those sub-committees;
  - (b) having taken the advice of the Managers, determine:
    - (i) Britannia's overall strategy;
    - (ii) Britannia's investment strategy;
    - (iii) Britannia's risk and capital management strategy and, in turn, Britannia's risk appetite;
    - (iv) Britannia's reinsurance strategy;
    - (v) changes to the Articles;
    - (vi) changes to advance, deferred and release Calls in respect of Class 3 and Class 6;
    - (vii) rule changes to Class 3 and Class 6; and
    - (viii) whether or not to exercise its discretion in respect of any Member's request for reimbursement of any claim excess of USD2 million net of applicable

deductible(s) and not otherwise lying within the delegated authority of the Managers;

- (c) consider reports and recommendations from its sub-committees;
- (d) consult and take advice from the Members' Representative Committee (the "Committee") on any matter referred to the Board by the Committee;
- (e) provide each of the Board's sub-committees, the Committee and their sub-committees, with sufficient support and resources to carry out its duties;
- (f) ensure that Britannia has an appropriate system of governance, which shall include:
  - (i) a robust risk management framework;
  - (ii) an effective compliance function;
  - (iii) a process to assess the impact of regulatory changes; and
  - (iv.) a process to assess the effectiveness and performance of the Board and its Directors.

The system of governance shall be reviewed annually; and

- (g) oversee:
  - (i) Britannia's overall performance;
  - (ii) Britannia's investment performance;
  - (iii) Britannia's economic and regulatory capital (including the Own Risk and Solvency Assessment and compliance with the Minimum and Solvency Capital Requirements under the Solvency II Directive);
  - (iv) Britannia's financial reports, including its annual financial statements;
  - (v) the appointment, performance and remuneration of the Managers; and
  - (vi) the appointment, performance and remuneration of the non-executive Directors.

## **Meetings**

5. The Board shall meet at least five times per annum, with scheduled meetings being held in January, May, July, September and October. If necessary, the Board shall hold further meetings from time to time. All meetings shall be conducted in accordance with these Terms of Reference and the Articles.
6. Appendix II details the schedule of regular agenda items for the Board.
7. Notices of meetings of the Board other than those regularly scheduled shall be given by the Managers at the request of the Chairman. Such notices shall state the venue, time and date of the meeting.
8. An agenda of items to be discussed with sufficient supporting papers shall be given to each Director not less than five working days prior to any meeting of the Board.
9. The Chairman shall chair each meeting of the Board. If the Chairman is absent, the Deputy Chairman shall act as Chairman for that meeting. If both the Chairman and the Deputy Chairman are absent, the other Directors present shall choose one of their number (excluding the Manager Directors) as Chairman for that meeting.
10. The quorum for each Board meeting shall be five Directors, one of whom shall act as the Chairman.

11. If required, the Board shall decide issues according to the majority on a show of hands of Directors present at the meeting. Each Director present shall have one vote. In the event of an equal number of votes, the Chairman of the meeting shall have the casting vote.
12. If a Director has a conflict of interest in respect of any matter or claim either being or to be discussed by the Board, he/she shall declare such conflict and retire from the meeting and he/she shall not be entitled to vote on any such matter or claim;
13. Minutes of the proceedings and resolutions of each meeting of the Board shall be taken including recording the names of those present and in attendance. Draft minutes of each meeting shall be circulated promptly to all Directors. In the event of a conflict of interest, the relevant Director(s) shall not be provided with the relevant extract of the minutes.

### **Chairman**

14. The Chairman's responsibilities shall be to:
  - (a) provide leadership to the Board and the Directors and to facilitate the running of the Board, fostering an open, inclusive discussion;
  - (b) with the assistance of the Managers, set the agenda for Board meetings and ensure that sufficient time and attention is devoted to discussion of all agenda items, with particular emphasis on strategic and regulatory issues;
  - (c) ensure that there is clear and effective communication between the Board and its Directors and (i) its sub-committees, (ii) the Committee and its sub-committees and (iii) the Managers;
  - (d) challenge the Managers where appropriate;
  - (e) with the Managers, ensure that the Directors receive sufficient, accurate, timely and clear management information;
  - (f) promote a culture of transparency and open debate, including facilitating the effective contribution of Directors and ensure constructive relations between Directors;
  - (g) evaluate the performance of the Board and individual directors; and
  - (h) act as Chairman of the Committee.

### **Duties of the Board and Directors**

15. While performing their duties, the Board and its Directors shall at all times:
  - (a) act in good faith and in a manner that is in the best interests of Britannia and its Members;
  - (b) act in compliance with the Articles, these Terms of Reference and the Rules of Class 3 and Class 6 (as applicable); and
  - (c) exercise independent judgment and reasonable care and skill.
16. Any Director shall be entitled to report any concern that they have regarding the Board or its sub-committees to the Chairman or to Britannia's regulators (the PRA and the FCA).

17. Directors are expected to attend or participate in at least four out of five Board meetings per annum.
18. All Directors (excluding the Manager Directors) shall serve as Representatives on the Committee.

#### **The Board's sub-committees**

19. The Board shall delegate certain functions to the following sub-committees, which shall operate subject to and in accordance with their own terms of reference:
  - (a) Risk & Audit Group;
  - (b) Nomination Sub-Committee; and
  - (c) Remuneration Group.

Appendix I shows the structure of the Board and its sub-committees as well as the structure of the Committee and its sub-committees.

#### **Evaluation of the Board's Directors and of the Board's sub-committees**

20. Notwithstanding the delegation of certain functions to its sub-committees, the Directors shall undertake a formal and rigorous annual evaluation of their collective and individual performance and the performance of the Board's sub-committees.
21. The Chairman shall act on the results of the performance evaluation by recognising the strengths and addressing the collective and/or individual weaknesses of the Directors and, where appropriate, proposing that new Directors be appointed or that current Directors be removed.
22. Individual evaluations of Directors shall aim to show whether each Director is contributing effectively and demonstrating commitment to the role (including commitment of time for meetings and any other duties).
23. Excluding the Chairman, the non-executive Directors of the Board shall be responsible for the performance evaluation of the Chairman, taking into account the views of the Managers.

#### **Consultation with the Committee**

24. The Board shall not do any of the following without prior consultation with the Committee:
  - (a) enter into or agree to enter into any joint venture, partnership or strategic alliance (including merger) with any third party which could reasonably be considered to have a material effect upon Britannia's business; or
  - (b) sell or otherwise dispose of the whole or any part of Britannia' business to any third party or agree to do any of the foregoing; or
  - (c) purchase or otherwise acquire the whole or any part of the business of any third party or agree to do any of the forgoing; or
  - (a) permit the Managers to be sold or merged or permitted to undertake any business which might be considered as being in conflict with Britannia's business; or

- (d) acquire or become subject to the control (as determined pursuant to Section 181 of Financial Services and Markets Act 2000) of any third party or agree to any of the foregoing.
25. The Board shall further ensure that Britannia does not do any of the following without the prior consultation with the Committee:
- (a) cease to operate its business substantially on a mutual basis; or
  - (b) agree to certify liabilities under any legislation or convention in force from time to time; or
  - (c) agree to any material change to its reinsurance arrangements
  - (d) agree the General Increase in respect of any policy year for Class 3 or Class 6; or
  - (e) levy any Exceptional Call upon the Members of Class 3 or Class 6; or
  - (f) materially change Britannia's overall strategy, risk appetite (including the basis used to calculate the economic capital benchmark) or investment strategy;
  - (g) make any decision regarding any matter referred to the Board by the International Group which could reasonably be considered to have a material effect upon Britannia's business; or
  - (h) appoint, reappoint or remove any Director (except in respect of any Director whose office shall be vacated by the operation of Article 65 of the Articles);

*provided always that*, subject to any applicable legal or regulatory requirement, a failure by the Directors to comply with paragraphs 24 or 25 shall not invalidate any act, decision or agreement of Britannia and, nor shall paragraphs 24 or 25 invalidate any act, decision or agreement prior to the date of its adoption which would otherwise have been valid if paragraphs 24 or 25 had not been adopted and any breach by the Directors of paragraphs 24 and 25 shall be a matter of internal discipline only.

26. For the purposes of compliance with paragraphs 24 and 25, it shall be sufficient for any relevant matter to be raised for discussion at a meeting of the Committee and reference in the minutes of a meeting of the Committee confirming that this has been done shall be evidence that the Directors have duly complied with the requirements of paragraphs 24 or 25 (as appropriate).

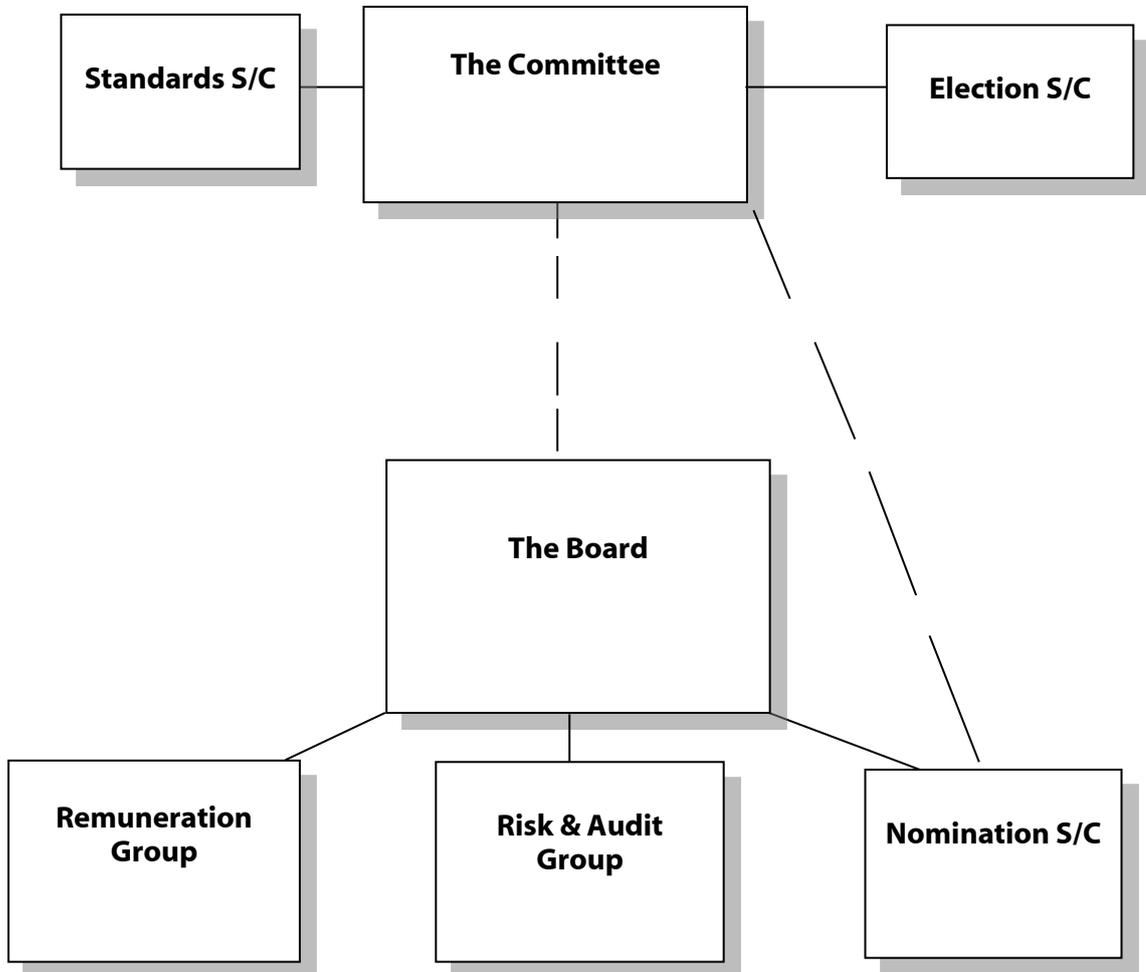
#### **Miscellaneous**

27. Insofar as their role requires consideration of underwriting or claims information Directors shall have access only to summary information for Britannia as a whole and shall not have access to individual Members' underwriting or claims data which shall remain strictly confidential to the Managers and the Members concerned.
28. The Board shall review these Terms of Reference each year and as necessary.

Approved by the Board on 10 July 2018

Appendix I

Structure of the Board and its sub-committees  
and of the Committee and its sub-committees



## **Appendix II**

### **Schedule of regular agenda items for the Board**

#### **For each regular meeting (\* except for the October meeting)**

Apologies

Declaration of any conflicts of interest

Minutes of the previous meeting

Matters arising from the previous meeting

Dates and venues of future meetings of the Board

Reports on any meetings since the last meeting of the Board of \*:

- (i) the Risk & Audit Group;
- (ii) the Nomination Sub-Committee;
- (iii) the Remuneration Group; and
- (iv) the Committee and its sub-committees

Review of the Governance Map \*

Investment report \*

CRO's report

Britannia key operating indicators \*

Powers of Attorney given on behalf of Britannia (if any) since the last meeting \*

Company seal – if used since the last meeting \*

International Group reinsurance \*

For Class 3, P&I \*:

- (i) any claims excess of USD2 million for the Board to consider the exercise of its discretion;
- (ii) a claims summary, including developments in the current and prior policy years and Pool claims

For Class 6, FD&D \*:

- (i) a claims summary, including developments in the current and prior policy year on which Britannia has paid more than USD100,000 since the last meeting of the Board;
- (ii) summary of claims paid since the last meeting

Any other business

#### **For the January meeting**

Review of the Board's Terms of Reference

USMIA reinsurance contract renewal

Boudicca reinsurance contract renewal

US Terrorism Risk Insurance Act (TRIA)

Internal Audit Report

Financial Report

General expense budget.

Review of the Modern Slavery Act Statement

Review of the Underwriting and Reserving Risk Management Policy

### **For the May meeting**

Draft report and financial statements of Britannia, and the draft Regular Supervisory Report (RSR), for the year ending on the prior 20 February  
Chief Actuary's Report  
Own Risk and Solvency Assessment (ORSA)  
A report on renewal as at the prior 20 February  
Financial report  
Review of the Reinsurance Risk Management Policy  
Review of the Mission Statement and Ethics Policy

### **For the July meeting**

Financial report  
Regulatory compliance policies  
Annual strategy review  
Draft Solvency and Financial Condition Report (SFCR) for the year ending on the prior 20 February

### **For the September meeting**

Standard & Poor's credit rating update  
Initial review of the Policy year and call recommendations for Class 3, P&I  
Proposed Rule changes for Class 3, P&I  
Initial review of the Policy year review and call recommendations for Class 6, FD&D  
Proposed Rule changes for Class 6, FD&D  
Whistleblowing Champion's Annual Report

### **For the October meeting**

Policy year and call recommendations for Class 3, P&I  
Policy year review and call recommendations for Class 6, FD&D  
Senior Independent Director's report on the TR(B) Board  
Directors' and Officers' insurance