

**ITIC Audit, Investment & Risk Committee Meeting
to be held at
The Intercontinental, Tokyo Bay, Japan
on Wednesday, 20th March 2013
at 15.00 hrs in Caribbean Room. 4F
APPENDICES
PRIVATE & CONFIDENTIAL**

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**APPENDICES
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APPENDIX 1

**Minutes of
ITIC Audit, Investment & Risk Committee Meeting
held at
90 Fenchurch Street, London
on
Thursday, 6th December 2012 at 10.00 a.m.**

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Present: Messrs. P.D. French (Chairman), E. F. Davila. C. Döhle, and M. Shakesheff

Also present: Messrs. A. S. Munro, T.M. Evans, P. Riordan, I. Rosenthal and L. Wannop from the Managers

Mr C. Smith from the Investment Managers

1. To confirm the Minutes of the Audit, Investment & Risk Committee meeting held on Friday, 20th July 2012

The Minutes were confirmed as a correct record and approved by the Chairman.

2. Matters Arising

2.1 The changes to the combined ratio target and trend analyses were completed at the September ITIC Board meeting. The impact of currency changes on claims is referred to in minute 4.

2.2 The summary of the Corporate Governance internal audit was completed at the September ITIC Board meeting.

2.3 The Audit Plan for 2013 was discussed in the meeting and is reported within minute 6.

2.4 The extracts of the KPMG benchmarking exercise were presented at the September ITIC Board meeting. It was also agreed that there was to be no further bench-marking exercise at this time.

2.5 Certain policies and the bi-monthly Key Performance Indicator ("KPI") sheet are available on Directors' area of the website.

2.6 Regulatory training had been arranged prior to September ITIC Board meeting.

3. Directors' & Officers' Liability Insurance

The Committee noted that this insurance was in place.

4. Finance Report

The Managers reported on the financial position of the club and the Key Performance Indicators ("KPI"), Key Risk Indicators ("KRI") and Key Control Indicators ("KCI").

The Managers advised that the main areas of the KPI that merited attention were the result for the year, premium income, claims, exchange gains, investment return, the forecast for the year and the key sensitivities.

The Committee discussed the gains and losses of Members in some detail. The Committee asked from what areas of the membership losses had arisen. The Managers advised that losses were partially higher due to the underwriting of contract specific business which non renewed when that contract ended. The Committee asked whether the reduction in new business underwritten over the last few years was likely to continue. The Managers advised that this trend would carry on for two or three more years. The Committee asked if the Managers planned to aggressively market the Club to gain new business. The Managers responded that there continued to be a focus both on attracting new business as well as retaining existing business. There were also plans to expand in targeted areas such as Germany. The Committee asked whether the Club would be providing new or different products in those areas and the Managers responded that the products being offered would remain largely the same.

The Managers explained how exchange gains and losses arose in the business and how these manifested themselves in the KPI. The weakening US dollar had led to gains on the sterling and euro investment portfolio and also on the premium balances due from Members in non dollar currencies. Corresponding exchange losses on claims provisions and revaluation of deferred premium income were not recognised explicitly but showed through as reduced premium income and as increased claims. The Managers will further explore how to separate out these costs to provide a more meaningful picture of exchange gains and losses.

The Managers explained that the excess of investments above the claims provisions was not purely held in the accounting currency (i.e. US dollars) and this would result in unmatched currencies and potential exchange gains or losses. The Managers plan to reduce exposure to the non-US dollar investments and remove a further risk factor.

The Managers introduced the Committee to a new KRI which assessed the accuracy of the previous predictions of the claims reserves as calculated by the Managers' actuaries. On the latest claims information, the level of the claims reserve provision had been sufficient in three of the four most recent years. This is broadly in line with expectations. The table also considered the margin of safety adopted in the setting of the level of claims reserves. This provided a degree of safety of between 72% and 87% over the last five years.

The Managers updated the Committee on the latest operational risks as recorded in the KRI. At the next Board Meeting the Managers will table a watch list of risks in the KRI to highlight what is particularly relevant at the time. Mr P.D. French asked about the latest position of the Club on the 90% quota share arrangement with TIMIA. The Managers reaffirmed that a debenture between ITIC and the reinsurer TIMIA was still the favoured route.

On the KCI, the Committee noted the submission in the Operational Risk database of several late Insurance Premium Tax ("IPT") returns. The Managers commented that countries within Europe are tightening their control over collection of their IPT revenues and each country had a different deadline to pay this tax per month. As a result of this, it will become more important to make the filings and payments on time despite some very tight deadlines.

5. Internal Audit Report – Corporate Governance

5.1 Review of constitution as established in the Articles of Association.

The Committee looked forward to seeing the new draft Articles at their next meeting on 20th March 2013, noting that the Articles of Association are fundamental to the operation of a business and thus, this exercise is very important.

5.2 Consider the establishment of a separate sub-committee to the Board responsible just for audit or risk issues;

The Committee were content with the recommendation of the Managers and were satisfied with the current structure. The Committee noted that this Agenda did set out each item for consideration and decision under separate headings of Audit, Investment or Risk.

5.3 Effective establishment of the “three lines of defence” model;

The Committee were reminded of the three lines of defence. The first being the management oversight of operations, the second being risk, compliance and quality and the third being regulatory, internal and external audit.

The Committee was satisfied that the external auditors be considered as a third line of defence. Mr P.D. French also noted that Thomas Miller Internal Audit were within the third line of defence as they had direct access to this Committee and the Board. The Committee were comfortable with the controls in place.

5.4 Well-defined organisational structure and reporting lines;

The Committee noted the organisation chart attached at Appendix 3 which showed the interaction between the various Clubs, Committees and the companies providing the outsourced management services. Mr M. Shakesheff requested that a copy of this organisation chart and also the organisation chart of the Management Team be put on the Directors' area of the website. The Managers confirmed that this would be done.

5.5 Annual assessment of fit and proper and documentation of fit and proper guidelines / principles;

The Committee noted that the Managers' processes for assessing fit and proper procedures for their staff were well developed and, whilst those in place for the Board and Committees of the Club were currently adequate, they would need further reviewing prior to Solvency II.

5.6 Audit Investment & Risk Committee Terms of Reference need to reflect responsibilities in respect of outsourced service providers;

The Committee approved the proposed changes to the AIR Committee Terms of Reference although Mr P.D. French asked that the list of items to be regularly reviewed by this Committee also include:

- a. Scope of the AIR Committee;
- b. Agreeing the scope of Internal Audits; and
- c. Reviewing the outsourcing policy.

The Committee enquired about the outsourcing of the Investment Management middle office functions to Bank of New York ("BONY"). Thomas Miller Internal Audit ("TMIA") advised that it was reasonable to rely on the Investment Managers to manage that BONY outsourced contract.

5.7 Review the Management Agreement so as to be in compliance with Solvency II outsourcing requirements;

The Committee noted that the review of the Management Agreement to ensure compliance with Solvency II outsourcing requirement was work in progress and looked forward to seeing the revised draft in due course.

6. Internal Audit Planning – 2013

The Committee approved the Internal Audit Plan from 2013 to 2015 which would focus on underwriting, reserving / finance and claims / reinsurance. Thomas Miller Internal Audit ("TMIA") agreed to report back to the Chairman with a scope and proposed budget for the next internal audit.

The Committee asked whether Investments should also be subject to an internal audit bearing in mind how critical the investment return was to the Club. TMIA advised that internal audits relating to the Investment Managers are co-ordinated centrally by TMIA and that the plan for 2013 included audits of Governance and Internal Control Framework and the Investment Policy. Additionally, the investment function is subject to review by the external auditors and also a separately undertaken Audit & Assurance Faculty ("AAF") audit. The outcome of all these assurance based reviews will be communicated to the Committee by TMIA throughout 2013.

7. Other Audits of ITIC and Thomas Miller in 2012

The Committee noted the Internal Audits either overseen or undertaken by TMIA to other shared services provided by the Managers and that all were noted as "satisfactory" except in relation to Payee Authorisation Procedures and System Access which both "required some improvement".

8. Business Risk Assessment Review (“BRA”)

The Committee noted the extensive changes and amendments to the BRA as a result of the inclusion of a value based matrix and also a review of the risk mitigation and early warning indicators.

The Committee noted that the two “red” risks remaining after risk mitigation and other measures were: the loss of financial strength and the loss of or impairment of investments. The Committee noted that the early warning indicators for loss of financial strength were the deterioration in the combined loss ratio of the Club, prolonged fall in investment returns and an adverse deterioration in claims inconsistent with actuarial forecasts, which all looked similar to the current problems facing the Club. The Managers advised that the actuarial projection on claims was improving as was the current investment return. With the reduction in the continuity credit, the projected combined loss ratio, both currently and projected forward, was sub 100%.

The Managers advised that at future reviews of the BRA, the Managers would prepare an executive summary which would include the top five risks and also any early warning indicators that were giving cause for concern and so should be brought to the Committee’s attention along with what plans were in place to address those issues. This would improve the interaction of the BRA with the operation of the business as a whole.

The Committee suggested that the Fit & Proper process could be added into the Improvement Plan for the Human Resources Risk 1 which refers to the adequacy of the Board members.

The Committee noted and approved the proposed changes to the BRA.

9. Fraud Risks Register Review (“FRR”)

The Committee noted the changes to the FRR as a result of the use of the new value based matrix and further noted that a considerable number of those risks were now “green”.

The Managers advised the Committee that they should also consider damage to reputation as a possible consequence of fraud in addition to the monetary impact of such a fraud.

The Committee noted and approved the proposed changes to the FRR.

Investment

10. Investment Report

The Investment Managers advised that the combined portfolio of the club had returned a surplus of 2.65% over the first five months of the year. The fixed income and equity returns, after allowing for the private equity investment which only shows a yield on the sale assets, were in line with the benchmark. The Absolute Return Funds (“ARF”), in particular the TMI Fund of Hedge Funds, had a negative return of 2.12% against a positive benchmark return of 1.71% for the period. The Committee noted that the Managers had given notice on US\$7.0m of the Club’s holding in the TMI Fund of Hedge Funds for redemption on 31st December 2012 leaving a balance holding of

approximately US\$7.2m. The Committee discussed whether action should be considered to further reduce the Club's holdings in the TMI Fund of Hedge Funds as there was a planned investment policy review in March 2013. The Committee proposed that the Investment Managers give notice now on the remaining US\$7.2m and this was agreed unanimously by the AIR Committee. If the performance of the holdings in the TMI Fund of Hedge Funds improved before the March 2013 meeting in Tokyo the Investment Managers would advise the Chairman who would then consider whether the redemption notice should be reviewed.

The Investment Managers advised on the current worldwide economic position with a particular focus on Europe as the outcome of the current financial problems in Europe would affect the global economy. The Committee asked if the Investment Managers had considered investing a part of the equity holdings in Asia by direct investment in that region. The Investment Managers advised that they had effectively invested in Asia via the FTSE 100 and S&P 500 which provided a balanced global exposure as many of the companies within these indices were receiving their earnings globally. The equity part of the portfolio was in line with the current benchmark.

The Committee asked what strategy the Investment Managers had in place as a result of the unusual position of both bond values and equities rising at the same time. The Investment Managers advised that they were able to move out of bonds almost immediately and if that potentially breached any investment limits as set by the investment strategy, the Investment Managers would communicate directly with the Chairman, Mr P.D. French, to obtain the necessary authorisation.

The Investment Managers advised that, as a result of the outsourcing by TMI to BONY of the middle / back office functions, the style of investment report would change from 2013 onwards. The Investment Managers will meet with Mr P.D. French in January 2013 to discuss both the new style of the investment report and some ideas as to the new proposed investment strategy from March 2013 onwards.

Risk

11. Solvency II

The Managers summarised the recent updates from the FSA including the possible new timeline for the implementation of Solvency II and also the interim measures during the period of uncertainty. This includes the continuation of the Individual Capital Assessment ("ICA") process and the partial implementation of the Own Risk & Solvency Assessment ("ORSA").

The Committee asked whether the new regime would put more pressure on the need to regularly change external auditors. The Managers responded that this was not currently a requirement of either the current or new regime.

The Committee noted the likely delay to the implementation of Solvency II and the changes to the regulators of ITIC.

12. Business Plan 2013 - draft

The Committee noted that the Business Plan for 2013 would be brought before this Committee at the next meeting in March 2013.

The Committee noted that the current Business Plan covered a period of between 12 – 18 months although the financial projections (as set out in KPI) were projected for a rolling three year period. The Committee suggested that a review of the longer term strategy of the Club would be beneficial and in this light he proposed the reformation of the ad hoc Strategy Committee. This was approved by the Committee. The Strategy Committee will help inform the Managers in the drafting of the new Business Strategy. The Managers were asked to draw up a list of Directors who may wish to join the Strategy Committee for approval by the Chairman (see minute 16 below).

13. Other Regulatory Issues.

The Committee noted the impending changes to FSA Approved Persons regime as a result of the split of the FSA into Prudential Regulation Authority and Financial Conduct Authority.

14. Report on Subscription Underwriting

The Committee noted that only one Member continued to be underwritten on this basis.

15. Date and Venue of next Committee meeting.

The next AIR Committee meeting would be at 15.00 pm on Wednesday, 20th March 2013 at the Intercontinental Hotel, Tokyo Bay, Tokyo, Japan.

16. Any Other Business

The Committee agreed to the reformation of the Strategy Committee.

The Meeting closed at 12.20 pm.

Matters arising

From the Audit Investment & Risk Committee Meeting in London

on 6th December 2012

All actions by the Managers unless stated.

1. Finance Report (Minute 4)

The Managers will further explore how to separate out exchange gains and losses from premium and claims to provide a more meaningful picture.

The Managers plan to reduce exposure to the non-US dollar investments and remove a further risk factor by March 2013.

2. Internal Audit Report - Corporate Governance (Minute 5.1)

Review of constitution as established in the Articles of Association. The Committee looked forward to seeing the new draft Articles at their next meeting on 20th March 2013.

3. Internal Audit Report - Corporate Governance (Minute 5.4)

Mr M. Shakesheff requested that a copy of this organisation chart and also the organisation chart of the Management Team be put on the Directors' area of the website. The Managers confirmed that this would be done.

Progress: Completed after the meeting.

4. Internal Audit Report - Corporate Governance (Minute 5.5)

As guidance develops, the Managers will review and update the Fit and Proper procedure for the Board.

5. Internal Audit Report - Corporate Governance (Minute 5.6)

Terms of Reference of AIR Committee. An additional list of items is to be added and considered for sign off by the AIR Committee at next meeting in March 2013.

6. Internal Audit Report - Corporate Governance (Minute 5.7)

Review the Management Agreement so as to be in compliance with Solvency II outsourcing requirements – by Solvency II due date;

7. Internal Audit Plan from 2013 onwards (Minute 6)

Thomas Miller Internal Audit ("TMIA") agreed to report back to the Chairman with a scope and proposed budget for the next Internal Audit.

8. Business Risk Assessment Review (Minute 8)

To provide an executive summary of top five changes to the BRA when they next come up for review in December 2013. Furthermore, develop a KRI to focus on any early warning indicators that indicated that a problem was arising.

9. Investment Report (Minute 10)

The Investment Managers will meet with Mr P.D. French in January 2013 to discuss the new style of investment report.

Investment policy review to be held at the March 2013 Board Meeting.

10. Solvency II (Minute 11)

Advise on current requirement to undertake an Individual Capital Assessment ("ICA"). The last update was to the Board in March 2010. With the delay to Solvency II, the ICA process will continue. The Managers will determine the proposed approach and present this to the AIR Committee at its next meeting in March 2013.

11. Business Plan 2013 (Minute 12)

The Managers were asked to draw up a list of Directors who may wish to join the Strategy Committee.

APPENDIX 2

Draft Articles of Association

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

1. PRELIMINARY

- 1.1 The model articles for private companies limited by guarantee set out in Schedule 2 of the Companies (Model Articles) Regulations 2008 (**‘the Model Articles’**), as excluded or modified by the following articles, together constitute the articles of association of the Club (**‘the Articles’**).
- 1.2 For the avoidance of doubt, references in the Articles –
- (a) to a numbered Article are to a numbered Article as set out in this document; and
 - (b) to a numbered article of the Model Articles are to the article as numbered in the Model Articles immediately upon the coming into force of the Companies (Model Articles) Regulations 2008.
- 1.3 Articles 5(3), 8(1), 14, 15, 19(2), 22 and 38 of the Model Articles shall not apply to the Club.

2. INTERPRETATION

- 2.1 Unless the context otherwise requires and except for words or expressions to which a meaning is given in the Articles, other words or expressions contained in the Articles bear the same meaning as in the Companies Act 2006 as in force on the date when the Articles become binding on the Company.
- 2.2 A reference in the Articles to the exercise of a power or the taking of a decision by the directors includes the exercise of the power or the taking of the decision by any person or committee (including any sub-committee) to whom it has been delegated.
- 2.3 In the Articles –
- “Certificate of Entry”** means a Certificate issued by the Club pursuant to the Rules;
 - “Class”** means any class at any time established for the insurance of certain risks;
 - “the Club”** means International Transport Intermediaries Club Limited;

“the Conflict of Interest policy” means the conflict of interest policy adopted by the Club from time to time;

“Managers” means the managers appointed by the directors from time to time pursuant to Article 16;

“Member” means a member for the time being of the Club;

“Office” means the registered office for the time being of the Club;

“Period of Insurance” means the period specified as such in a Certificate of Entry;

“Premium” means a sum payable to the Club by a Member pursuant to the Rules;

“Representative Member” has the meaning set out in Article 4.2;

“Risks” means the risks as specified in the Rules from time to time in respect of which a Member may be insured by the Club; and

“the Rules” means the Rules of the Club as from time amended and for the time being in force.

2.4 In the Articles, the headings are for convenience only and shall be ignored in construing the meaning of the Articles; and

2.5 The reference to any gender shall be deemed to include a reference to all the genders.

3. BUSINESS AND THE RULES

3.1 The business of the Club shall be conducted in accordance with the Rules and the Articles (and any conflict between the provision of the Rules and the Articles shall be resolved in favour of the Articles). In particular, in accordance with Part 7 of the Rules, the TIM business and the CISBA business (as defined therein) shall be segregated from each other and from the other business of the Club.

3.2 The directors may by resolution alter the Rules (whether by addition, deletion, variation or substitution) in such manner as they in their discretion consider fit, provided that any such alteration shall be notified in writing to each of the Members and shall only be

effective in relation to Periods of Insurance commencing after the date of such notification.

- 3.3 The Rules may, notwithstanding any other provision of these Articles, be amended by ordinary resolution of the Members with immediate effect.
- 3.4 The directors shall have power from time to time to make and alter Bye-laws (which shall be deemed part of the Rules) affecting the business of the Club and upon the Club giving notice of the same, they shall thereupon become binding on Members and accidental omissions to give or non-receipt of any such notice shall not invalidate such Bye-laws or alterations thereof.
- 3.5 The Rules shall provide inter alia for the calculation and payment of Premium in respect of insurance effected by the Club.
- 3.6 Notwithstanding anything contained in these Articles or the Rules, the directors shall have power by resolution to limit or extend the insurance afforded by the Rules. The power to extend the insurance afforded by the Rules may be applied retrospectively in individual cases where the directors consider the Member should be insured.

4 MEMBERS

- 4.1 The Club shall consist of an unlimited number of Members.
- 4.2 Every person whose application for insurance by the Club is accepted in accordance with the Rules shall, if he is not already a Member, be and become a Member of the Club as from the date of the commencement of the Period of Insurance and his name shall be recorded as a Member of the Club provided that in the case of an applicant for insurance which is a partnership one partner in such partnership may be designated the Member of the Club on his own behalf and as trustee for and on behalf of the other person in the partnership (such Member being called upon for purposes of Article 4 being a “**Representative Member**”).
- 4.3 Applications for membership in the Club shall be in such form as the directors may from time to time determine. The directors shall be at liberty to refuse any application from any person for membership of the Club.

- 4.4 Every director while holding office as such shall be a Member, unless at the time of appointment the directors, in their sole discretion, decide otherwise.
- 4.5 Membership is neither transferable nor transmissible.
- 4.6 Separate classes within the Club for the insurance of certain Risks may be created by the Club by ordinary resolution and with the sanction of the directors. The business of each Class so created shall, subject to these Articles, be conducted in all aspects as nearly as possible according to these Articles and the Rules, and references herein to the Club where appropriate be interpreted to mean a Class within the Club. Any Class so created may be discontinued or wound up by the Club by ordinary resolution with the sanction of the directors.

5 TERMINATION OF MEMBERSHIP

- 5.1 A Member shall cease to be a Member:
- (a) if, being an individual, he shall die or a receiving order shall be made against him or he shall make any arrangement or composition with his creditors generally;
 - (b) if, being an individual, he shall become incapable by reason or mental disorder of managing and administering his affairs;
 - (c) if, being a corporation, it be wound up or dissolved;
 - (d) if he shall cease to be insured with the Club as set out in the Rules;
 - (e) if, being a Representative Member for a partnership, that partnership is dissolved, or a receiving order is made against that partnership, or a receiver is appointed by the court in respect of the partnership or if the partnership makes any composition or arrangement with its creditors generally or if such Representative Member ceases for any reason to be a partner in such partnership provided that in such case the partnership shall be entitled to appoint another partner as its Representative Member provided always that such Member, his estate and legal personal representatives shall be and remain liable to pay to the Club all such premiums, contributions and monies as under these Articles or the Rules such Member is expressed to be liable to pay.

5.2 Subject to the provisions of the Rules as amended from time to time a Member may at any time withdraw from the Club by giving at least seven clear days' notice to the Club.

5.3 The directors may also at their discretion terminate the membership of any Member.

6. CHANGE OF NAME

6.1 Without the need for a special resolution of the Club, the directors may decide at any time to change the name of the Club; and where the directors decide to change the name, the secretary (if any) or any other person authorised by the directors shall give a notice to that effect to the Registrar of Companies accompanied by a statement that the change of name has been made in accordance with the Articles (such statement to be in the form required by the Companies Acts).

7. GENERAL MEETINGS

7.1 The Club may have an annual general meeting and/or other meetings of the Members if the directors so decide. A meeting of the Members shall also be convened on the requisition in writing of Members representing not less than one-tenth of the total voting rights of any proceedings of general meetings.

7.2 No business shall be transacted at any meeting unless a quorum is present. Four persons present each being a Member or a proxy for a Member or a duly authorised representative of a corporation shall be a quorum.

7.3 A meeting of the Club shall, notwithstanding that it is called by shorter notice than that specified in the Companies Act 2006, be deemed to have been duly called if it so agreed by a majority in number of the Members having a right to attend and vote at the Meeting, being a majority together representing not less than 95 per cent of the total voting rights at that meeting of all the Members.

7.4 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of or by the Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week and no notice of such adjournment need be given and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the Meeting, the

Members present in person or by proxy shall be a quorum for the purpose of considering the matters referred to in the original notice of the Meeting but no other matters.

- 7.5 If any vote shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the meeting or adjourned meeting at which the vote is given, and not in that case unless it shall be in the opinion of the chairman of the meeting be of sufficient magnitude to vitiate the result of the voting.

8. CLASS MEETINGS

- 8.1 The directors may at any time call a separate meeting of the Members of any Class. A separate meeting of the Members of any Class shall also be convened on the requisition in writing of Members representing not less than one-tenth of the total voting rights of any proceedings of general meetings and votes of Members shall apply in all respects as nearly as possible to such separate meeting.

9. DIRECTORS' APPOINTMENTS

- 9.1 The number of directors shall not be less than two or more than twenty.
- 9.2 The appointment of any director is at the sole discretion of the directors. Neither the Managers nor any partner, associate or employee of the Managers, shall be eligible for appointment as or capable of holding the office of, director unless the directors, at their sole discretion, decide otherwise.
- 9.3 Where a director is appointed to office as chairman, as managing director or as the holder of an executive position or is otherwise appointed to provide services to the Club, that appointment or the contract for those services will terminate immediately upon him ceasing (for any reason) to be a director. The termination of that appointment under this Article will be without prejudice to any claim for damages he may have for breach of any employment contract or contract to provide services between him and the Club.
- 9.4 One-third of the directors who are subject to retirement by rotation or if their number is not three or a multiple of three then the number nearest to, but not exceeding, one-third shall retire from office at a general meeting each year. If there is only one director who is subject to retirement by rotation he shall retire.

- 9.5 Subject to the provisions of the Companies Act 2006, the directors to retire at a general meeting each year shall be those directors who have been longest in the office since their last appointment. As between directors of equal seniority, those required to retire shall in the absence of agreement be selected from among them by lot.
- 9.6 If at the general meeting of the Members at which a director retires by rotation, the Members do not by ordinary resolution resolve to fill the vacancy, the retiring director shall, if willing to act, be deemed to have been re-appointed unless at the general meeting it is resolved not to fill the vacancy or unless a resolution for the re-appointment of the director is put to the general meeting and lost.
- 9.7 No person other than a director retiring at the Meeting shall, unless recommended by the directors for appointment, be eligible for appointment to the office of director at any general meeting unless not less than fourteen and not more than thirty five clear days before the day appointed for the meeting, there shall have been given to the Club notice in writing by some Member duly qualified to be present and vote at the meeting of his intention to propose such person for appointment and also notice in writing, signed by the person to be proposed, of his willingness to be appointed.
- 9.8 The directors may from time to time and at any time appoint any person to be director either to fill a casual vacancy or as an additional director provided that the total number of directors shall not exceed the maximum number fixed by or in accordance with these Articles. Subject to the provisions of the Companies Act 2006, a director so appointed shall hold office only until the general meeting in the year following his appointment, when he shall retire, but shall then be eligible for re-appointment. A director who retires under this Article shall not be taken into account in determining the rotation or retirement of directors or the numbers of directors to retire at such meeting.
- 9.9 The office of director shall be immediately vacated if the director:
- (a) resigns his office by notice in writing to the Club; or
 - (b) has absented himself (such absence not being with leave or by arrangement with the directors on the affairs of the Club) from meetings of the directors for a consecutive period of eighteen months and the directors resolve that his office shall be vacated.

9.10 In addition to any power to remove a director conferred on the Club by the Companies Act 2006 the Club may by ordinary resolution remove any director before the expiration of his period of office and may, if thought fit, by ordinary resolution appoint another person in his stead. The person so appointed shall be subject to retirement by rotation at the same time as if he had become a director on the day on which the Director in whose place he is appointed was last appointed a director.

10. DIRECTORS' POWERS

10.1 The business of the Club shall be managed by the directors who may exercise all such powers of the Club, and do so on behalf of the Club, all such acts as may be exercised and done by the Club as are not by the Companies Act 2006 or by these Articles or by the Rules required to be exercised or done by the Club in a general meeting subject nevertheless to any regulations of these Articles, to the provisions of the Companies Act 2006 and the Rules, and to such regulations, being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Club in a General Meeting but no regulation made by the Club in a General Meeting shall invalidate any prior act of the directors which would have been valid if such regulation had not been made.

10.2 Without prejudice to the generality of the foregoing provisions the directors shall exercise all the powers and discretions conferred upon them in the Rules in relation to the assessing and enforcing payment of Premiums and determining the amount of any payments to be made by or to any Member.

11. DIRECTORS' DECISIONS

11.1 A decision under article 8 of the Model Articles must take the form of a resolution in writing complying with articles 8(2) to 8(4) of the Model Articles.

11.2 Article 9 of the Model Articles is modified by the deletion of the words "*not more than seven days after*" and the substitution for them of the words "*before or after*".

11.3 The directors must ensure that the Club keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors, of every directors' written resolution and of every decision of a sole director.

11.4 Where the directors have delegated any of their powers, they may revoke any delegation in whole or in part, or alter its terms and conditions; and where any person to whom any powers are delegated holds those powers by virtue of being appointed an executive of the Club, any variation or revoking of those powers is without prejudice to any contract between that executive and the Club.

12. DIRECTORS' APPOINTMENTS AND INTERESTS

12.1 This Article 12 is subject to the provisions of the Companies Acts and the Rules.

12.2 A director may –

- (a) be a party to, or otherwise directly or indirectly interested in, any transaction or arrangement with the Club or in which the Club is otherwise interested; and
- (b) be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise directly or indirectly interested in, any body corporate in which the Club is interested,

and where a proposed decision of the directors is concerned with such a transaction, arrangement, office or employment, that director may be counted as participating in the decision making process for quorum and voting purposes.

12.3 Article 12.2 is subject to the relevant director making a declaration of the nature and extent of his interest in accordance with sections 177 and 184 to 187 of the Companies Act 2006.

12.4 The following shall not be treated as an **'interest'** –

- (a) an interest of which a director is not aware and of which it is unreasonable to expect him to be aware, or an interest in a transaction or arrangement of which he is not aware and of which it is unreasonable to expect him to be aware;
- (b) an interest of which the other directors are aware, or ought reasonably be aware, to the extent they are or ought reasonably to be aware of such interest;
- (c) an interest which cannot reasonably be regarded as giving rise to a conflict of interest; and

- (d) an interest if, or to the extent that, that interest contains terms of his service contract which have been, or are to be, considered by a meeting of the directors or a duly appointed committee of the directors.

13. DIRECTORS' POWERS TO AUTHORISE CONFLICTS OF INTEREST

- 13.1 Subject to the provisions of the Rules, the directors may authorise, to the fullest extent permitted by law, any matter which would otherwise result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Club and which may reasonably be regarded as likely to give rise to a conflict of interests.
- 13.2 Authorisation given by the directors under Article 13.1 may be subject to any terms and conditions which the directors consider appropriate; and the directors may at any time vary or terminate such authorisation.
- 13.3 A decision to authorise any matter under Article 13.1 may be made either at a meeting of the directors or by unanimous decision of those directors entitled to vote on the matter, but the decision will only be effective if -
 - (a) the quorum for any meeting at which the matter is considered is met without counting the director in question or any other interested director; and
 - (b) the matter is agreed to without any interested director voting, or would have been agreed to had no interested director's votes been counted.
- 13.4 The provisions of this Article 13 shall not apply to any conflict of interest arising in relation to a transaction or arrangement between a director and the Club. Article 13 above shall apply to directors' interests in any such transactions or arrangements.
- 13.5 A director must also abide by the Conflict of Interest policy and where there is any conflict with this Article 13, the Conflict of Interest policy will take precedence.

14. MANAGEMENT OF DIRECTORS' CONFLICTS

- 14.1 Where the directors have authorised any matter under Article 13.1 above, or where a matter falls within Article 12, the directors may, at the time of such authorisation or subsequently, provide (without limitation) that an interested director –

- (a) is excluded from discussions (whether at directors' meetings or otherwise) related to the matter;
- (b) is not given any documents or other information relating to the matter; or
- (c) both for quorum purposes and for voting purposes may or may not be counted or vote at any future directors' meeting in relation to the matter.

14.2 Where the directors have authorised any matter under Article 0, or where a matter falls within Article 12 (subject to a director making a declaration of the nature and extent of his interest in an office, employment, transaction or arrangement in accordance with Article 0), then an interested director –

- (a) will not be required to disclose to the Club, or use for the benefit of the Club, any confidential information relating to the matter if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with the matter;
- (b) may absent himself from directors' meetings at which the matter may be discussed; and
- (c) may make such arrangements as he thinks fit not to receive documents and information in relation the matter, or for such documents and information to be received and read by a professional adviser on behalf of that director.

14.3 Article 0 does not limit any existing law or equitable principle which may excuse the director from disclosing information in circumstances where disclosure would otherwise be required, or from attending meetings or receiving and reading documents in circumstances where such actions would otherwise be required.

14.4 Where the directors authorise a matter under Article 0, or where a matter falls within Article 12 then an interested director –

- (a) will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the matter; and
- (b) will not infringe any duty he owes to the Club under sections 171 to 177 of the Companies Act 2006 if he complies with any terms, limits and conditions (if any)

imposed by the directors in relation to the authorisation and, where relevant, makes any disclosure required under Article 0.

14.5 In relation to any matter which has been authorised under Article 0, or where a matter involves a transaction or arrangement which falls within Article 12 (subject to a director making a declaration of the nature and extent of his interest in an office, employment, transaction or arrangement in accordance with Article 0) –

- (a) an interested director will not be accountable to the Club for any benefit conferred on him in connection with that matter;
- (b) the receipt of such a benefit shall not constitute a breach of his duty under section 176 of the Companies Act 2006; and
- (c) no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

15. REMUNERATION OF DIRECTORS

15.1 The remuneration payable to the directors shall be determined by the Club by ordinary resolution, and unless the resolutions provide otherwise the remuneration shall be deemed to accrue from day to day.

16. MANAGERS

16.1 The directors may from time to time appoint any person, firm or corporation to be the Manager or Managers of the Club for such period and upon such terms as they think fit, and subject to the provisions of the Companies Act 2006 and these Articles may vest in or delegate to such Manager or Managers or the servants or agents or such Manager or Managers such of the powers, duties or discretions hereby vested in the directors as they think fit, and such powers may be made exercisable for such period and upon such conditions and subject to such restrictions and generally upon such terms as the directors may determine. A Manager shall receive such remuneration (whether by way of salary, commission, brokerage or otherwise) as the directors may determine.

16.2 Except in such cases as the directors may from time to time determine, the Managers shall be entitled to attend all meetings of the directors and of committees and all general meetings of the Club and separate meetings of any Class.

17. WINDING UP

17.1 If upon the winding up or dissolution of the Club there remains after satisfaction of all its debts and liabilities including the making of payments to Members and former Member under the Rules any property whatsoever the same shall be paid and distributed among the current Members of the Club in proportion to the amounts of the Premium payable by them respectively to the Club during the period of three years immediately preceding the commencement of the winding up and actually paid by them respectively and so that the certificates of the liquidator as to the amounts of the Premiums so payable and paid shall be conclusive.

18. SECRETARY

18.1 The directors may determine from time to time whether a person shall hold the office of secretary and, at any time when the Club is without a secretary, that anything required or authorised to be done by or to the secretary may be done by or to a director (or by a person authorised generally or specifically in that behalf by the directors); the appointment of a person, or persons jointly, to office as secretary shall be decided by the directors who may remove any person or persons appointed to that office and may appoint a person or persons to act in the place of any secretary removed from office or may appoint a person or persons to act jointly with any person holding office as secretary.

18.2 The Club may pay expenses to any secretary and article 20 of the Model Articles is modified by adding after the words “the *directors*” where they first appear, the words “*and the Club’s secretary (if any)*”.

19. MEMBERS’ DECISIONS

19.1 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote in addition to any other vote he may have.

20. PROXY NOTICES

20.1 Subject to any instructions in the notice of general meeting to which the proxy notice relates, such proxy notice (and any authentication required by the directors) must be received at the address specified by the Club in the notice of meeting or in the proxy

notice not less than 48 hours before the time for holding the meeting (or adjourned meeting) at which the proxy appointed by the proxy notice is to vote; and any proxy notice received at that address less than 48 hours before the time for holding the meeting (or adjourned meeting) shall not be valid (unless accepted as valid under Article 0). In calculating the periods mentioned in this Article 20, no account is to be taken of any part of a day that is not a working day (as that term is defined in section 1173 of the Companies Act 2006).

20.2 A proxy notice which does not comply with the provisions of Article 31 of the Model Articles or Article 0 may, in their discretion, be accepted as valid by the directors at any time before the meeting to which it relates.

21. NOTICES

21.1 Article 34(1) of the Model Articles shall be read as if it were amended by the addition of the following sentence –

“Subject to the Articles, the provisions of section 1147 of the Companies Act 2006 shall apply to anything sent or supplied to the Club as they apply to anything sent or supplied by the Club”.

21.2 Any notice, document or other information will be deemed served on or delivered to the intended recipient if addressed either –

(a) to an address outside the United Kingdom; or

(b) from outside the United Kingdom to an address within the United Kingdom,

five working days after posting, provided (in each case) it was sent by reputable international overnight courier addressed to the intended recipient, with delivery in at least five working days guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider.

22. INDEMNITY AND INSURANCE

22.1 Every director and other officer of the Club (including any Auditor or Manager) shall be indemnified out of the assets of the Club against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or he is acquitted, or in connection with any application in which relief is granted

to him by the court under the Companies Act 2006 except to the extent that any recovery is made in respect of such liability under any applicable insurance policy or indemnity arrangement.

22.2 Article 39 of the Model Articles shall be read as if it were amended as follows –

- (a) in article 39(1) the words “*or a Manager or any relevant secretary*” were added immediately after the words “*any relevant director*”; and
- (b) in article 39(2) :
 - (i) in sub-paragraph (b), the words “*or a Manager or a relevant secretary*” were added immediately after the words “*a relevant director*” and the words “*or a Manager’s or secretary’s*” were added immediately after the words “*that director’s*”; and
 - (ii) the existing sub-paragraph (c) be renumbered as (d) and a new sub-paragraph (c) be added immediately after sub-paragraph (b) as follows –

“(c) a “*relevant secretary*” means any company secretary or former company secretary of the Club or an associated company; and”.

APPENDIX 3

Model Articles of Association

MODEL ARTICLES FOR PRIVATE COMPANIES LIMITED BY GUARANTEE

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PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

Defined terms

1. In the articles, unless the context requires otherwise -

“**articles**” means the company’s articles of association;

“**bankruptcy**” includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

“**chairman**” has the meaning given in article 12;

“**chairman of the meeting**” has the meaning given in article 25;

“**Companies Acts**” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

“**director**” means a director of the company, and includes any person occupying the position of director, by whatever name called;

“**document**” includes, unless otherwise specified, any document sent or supplied in electronic form;

“**electronic form**” has the meaning given in section 1168 of the Companies Act 2006;

“**member**” has the meaning given in section 112 of the Companies Act 2006;

“**ordinary resolution**” has the meaning given in section 282 of the Companies Act 2006;

“**participate**”, in relation to a directors’ meeting, has the meaning given in article 10;

“**proxy notice**” has the meaning given in article 31;

“**special resolution**” has the meaning given in section 283 of the Companies Act 2006;

“**subsidiary**” has the meaning given in section 1159 of the Companies Act 2006; and

“**writing**” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

Liability of members

2. The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year after he ceases to be a member, for -

- (a) payment of the company's debts and liabilities contracted before he ceases to be a member,
- (b) payment of the costs, charges and expenses of winding up, and
- (c) adjustment of the rights of the contributories among themselves.

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

Directors' general authority

- 3. Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

Members' reserve power

- 4. (1) The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.

(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

Directors may delegate

- 5. (1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles -
 - (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;as they think fit.
- (2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- (3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

Committees

6. (1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
- (2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

Directors to take decisions collectively

7. (1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.
- (2) If -
 - (a) the company only has one director, and
 - (b) no provision of the articles requires it to have more than one director,the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

Unanimous decisions

8. (1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.
- (3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.
- (4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

Calling a directors' meeting

9. (1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- (2) Notice of any directors' meeting must indicate -
 - (a) its proposed date and time;
 - (b) where it is to take place; and

- (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (3) Notice of a directors' meeting must be given to each director, but need not be in writing.
- (4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

Participation in directors' meetings

- 10.** (1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when -
- (a) the meeting has been called and takes place in accordance with the articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

Quorum for directors' meetings

- 11.** (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.
- (3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision -
- (a) to appoint further directors, or
 - (b) to call a general meeting so as to enable the members to appoint further directors.

Chairing of directors' meetings

- 12.** (1) The directors may appoint a director to chair their meetings.
- (2) The person so appointed for the time being is known as the chairman.
- (3) The directors may terminate the chairman's appointment at any time.

- (4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

Casting vote

13. (1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
 - (2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

Conflicts of interest

14. (1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.
 - (2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.
 - (3) This paragraph applies when -
 - (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;
 - (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (c) the director's conflict of interest arises from a permitted cause.
 - (4) For the purposes of this article, the following are permitted causes -
 - (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;
 - (b) subscription, or an agreement to subscribe, for securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such securities; and
 - (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.
 - (5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

- (6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.
- (7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

Records of decisions to be kept

15. The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

Directors' discretion to make further rules

16. Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

APPOINTMENT OF DIRECTORS

Methods of appointing directors

17. (1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director -
 - (a) by ordinary resolution, or
 - (b) by a decision of the directors.
- (2) In any case where, as a result of death, the company has no members and no directors, the personal representatives of the last member to have died have the right, by notice in writing, to appoint a person to be a director.
- (3) For the purposes of paragraph (2), where 2 or more members die in circumstances rendering it uncertain who was the last to die, a younger member is deemed to have survived an older member.

Termination of director's appointment

18. A person ceases to be a director as soon as -
 - (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
 - (b) a bankruptcy order is made against that person;
 - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;

- (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

Directors' remuneration

- 19.** (1) Directors may undertake any services for the company that the directors decide.
- (2) Directors are entitled to such remuneration as the directors determine -
- (a) for their services to the company as directors, and
 - (b) for any other service which they undertake for the company.
- (3) Subject to the articles, a director's remuneration may -
- (a) take any form, and
 - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

Directors' expenses

- 20.** The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at -
- (a) meetings of directors or committees of directors,
 - (b) general meetings, or
 - (c) separate meetings of the holders of debentures of the company,
- or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

PART 3

MEMBERS

BECOMING AND CEASING TO BE A MEMBER

Applications for membership

21. No person shall become a member of the company unless -

- (a) that person has completed an application for membership in a form approved by the directors, and
- (b) the directors have approved the application.

Termination of membership

- 22.** (1) A member may withdraw from membership of the company by giving 7 days' notice to the company in writing.
- (2) Membership is not transferable.
- (3) A person's membership terminates when that person dies or ceases to exist.

ORGANISATION OF GENERAL MEETINGS

Attendance and speaking at general meetings

- 23.** (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- (2) A person is able to exercise the right to vote at a general meeting when -
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Quorum for general meetings

24. No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

Chairing general meetings

25. (1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start -

(a) the directors present, or

(b) (if no directors are present), the meeting,

must appoint a director or member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as “the chairman of the meeting”.

Attendance and speaking by directors and non-members

26. (1) Directors may attend and speak at general meetings, whether or not they are members.

(2) The chairman of the meeting may permit other persons who are not members of the company to attend and speak at a general meeting.

Adjournment

27. (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if -

(a) the meeting consents to an adjournment, or

(b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

(4) When adjourning a general meeting, the chairman of the meeting must -

(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and

- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given) -
 - (a) to the same persons to whom notice of the company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

Voting: general

- 28.** A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

Errors and disputes

- 29.** (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- (2) Any such objection must be referred to the chairman of the meeting whose decision is final.

Poll votes

- 30.** (1) A poll on a resolution may be demanded -
- (a) in advance of the general meeting where it is to be put to the vote, or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- (2) A poll may be demanded by -
- (a) the chairman of the meeting;
 - (b) the directors;
 - (c) two or more persons having the right to vote on the resolution; or
 - (d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.
- (3) A demand for a poll may be withdrawn if -

- (a) the poll has not yet been taken, and
 - (b) the chairman of the meeting consents to the withdrawal.
- (4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

Content of proxy notices

- 31.** (1) Proxies may only validly be appointed by a notice in writing (a “proxy notice”) which -
- (a) states the name and address of the member appointing the proxy;
 - (b) identifies the person appointed to be that member’s proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as -
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notices

- 32.** (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor’s behalf.

Amendments to resolutions

- 33.** (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if -
- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if -
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

PART 4

ADMINISTRATIVE ARRANGEMENTS

Means of communication to be used

- 34.** (1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- (3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Company seals

- 35.** (1) Any common seal may only be used by the authority of the directors.
- (2) The directors may decide by what means and in what form any common seal is to be used.

- (3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- (4) For the purposes of this article, an authorised person is -
 - (a) any director of the company;
 - (b) the company secretary (if any); or
 - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

No right to inspect accounts and other records

- 36.** Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a member.

Provision for employees on cessation of business

- 37.** The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

DIRECTORS' INDEMNITY AND INSURANCE

Indemnity

- 38.** (1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against -
- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
 - (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
 - (c) any other liability incurred by that director as an officer of the company or an associated company.
- (2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.
- (3) In this article -
- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

- (b) a “relevant director” means any director or former director of the company or an associated company.

Insurance

39. (1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(2) In this article -

- (a) a “relevant director” means any director or former director of the company or an associated company,
- (b) a “relevant loss” means any loss or liability which has been or may be incurred by a relevant director in connection with that director’s duties or powers in relation to the company, any associated company or any pension fund or employees’ share scheme of the company or associated company, and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

APPENDIX 4
Redington Report



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13-15 Malloy Street
London EC1Y 8RD

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Setting Strategic Asset Allocations ITIC/TIMIA Club 31 January 2013



Current Position

- The charts below show the position of the Club as at 31 January 2013. The total value of assets equalled \$148 million against estimated liabilities of \$61 million, i.e. a surplus of \$87 million.
- Note that the value of liabilities has been calculated by discounting the projected claims using the swaps curve.
- For the purposes of this analysis, we have assumed that the current allocation is in line with the benchmark as at 31 January 2013.

Chart 1: Position as at 31 January 2013

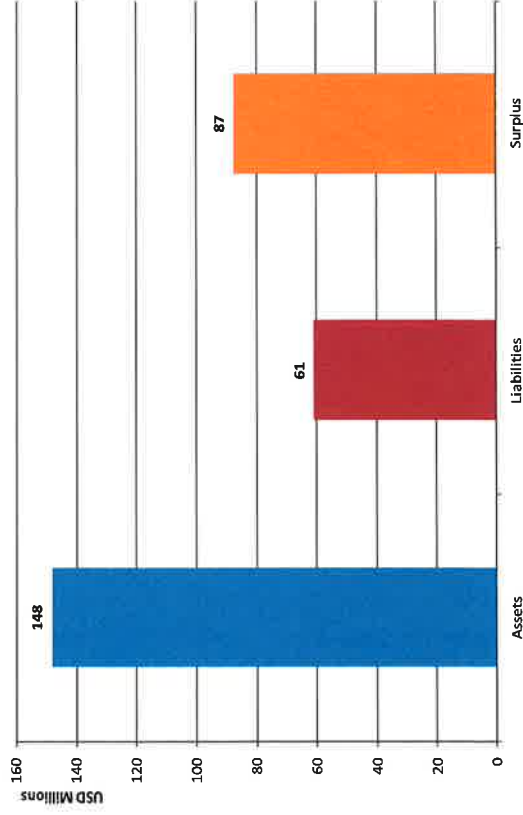


Chart 2: Asset allocation of current portfolio as at 31 January 2013

Asset	Benchmark %	Actual % of assets
US Dollars		
Cash	8%	5%
Govt. Bonds	32%	20%
Corporate Bonds		16%
ARF	15%	14%
Equities	25%	26%
Euro		
Cash	1%	1%
Govt Bonds	4%	2%
Equities		1%
Sterling		
Cash	1%	2%
Govt Bonds	9%	6%
Equities	5%	6%



Risk of portfolio as measured by Value at Risk

- In this section, we look at the risk profile of the current and benchmark position (asset + liability portfolio) under the risk metric, Value at Risk 99.5 (VaR99.5), which shows the minimum “worst case” loss in a value for a portfolio (with a confidence interval of 99.5%) over a period of one year.
- Our results are shown in Chart 3 and 4.
 - The red bar shows the total risk as measured by VaR99.5. As at analysis date, the total risk of current portfolio is \$23 million.
 - This implies that the total value of surplus could reduce by more than \$23 million under a 1 in 200 worst case scenario.

Chart 3: Risk of current portfolio as measured by VaR99.5

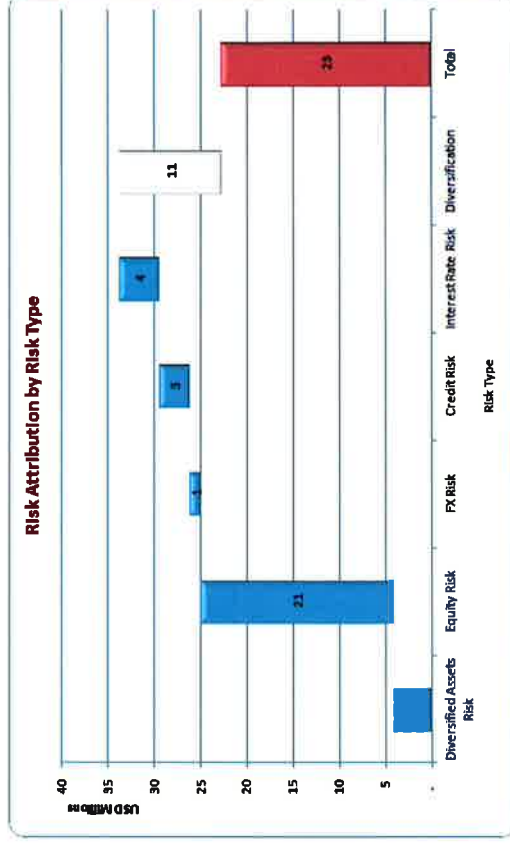
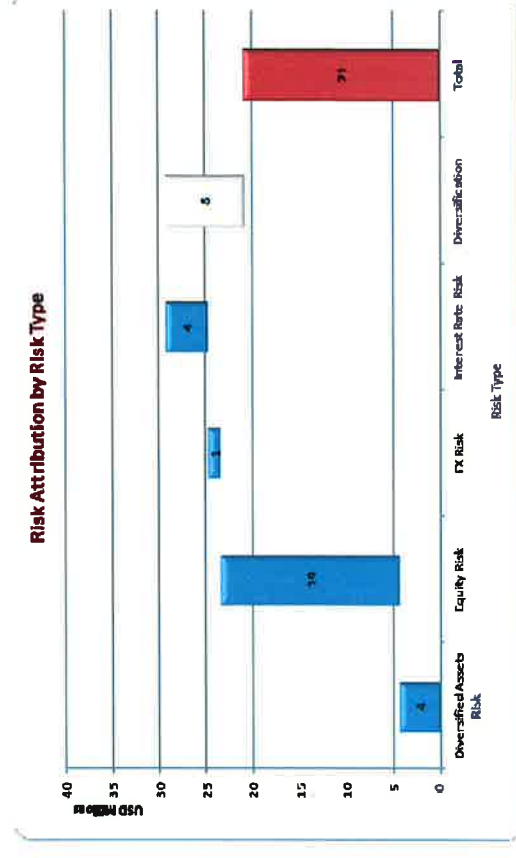


Chart 4: Risk of benchmark portfolio as measured by VaR99.5



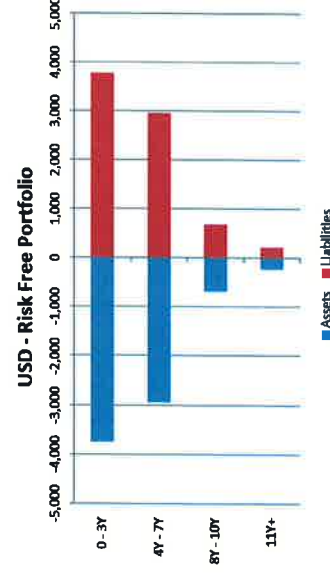
- The blue bars show the breakdown of total risk into individual risk factors.
- The diversification bar shows the benefit due to correlation between different risk factors.



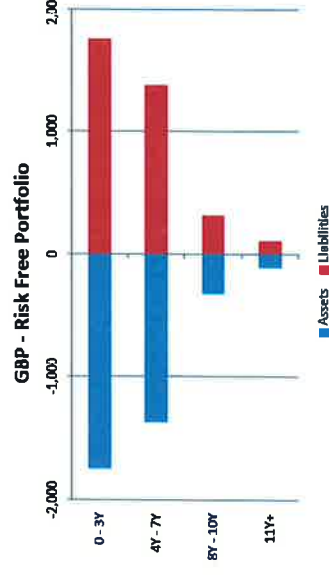
Designing an efficient frontier – “minimum risk portfolio”

- The first step in designing an efficient frontier is to determine the “minimum risk portfolio” for each of the three currencies (USD, GBP and EUR). To do so, we find the bond portfolio for each currency that matches exactly the interest rate PV01 of liabilities. The residual amount is then assumed to be held as cash.
- The tables and charts below show the split of the bond allocation for each of the currency. The present value of assets show the amount of assets required to match the interest rate sensitivity arising from the liability portfolio.
- Note that we match the sensitivities in different maturity buckets. There will be some residual interest rate risk due to (1) mismatch between cash flows from assets and liabilities and (2) basis risk between swaps rate (i.e. discounting basis for liabilities) and government bond yields (i.e. return from government bonds).

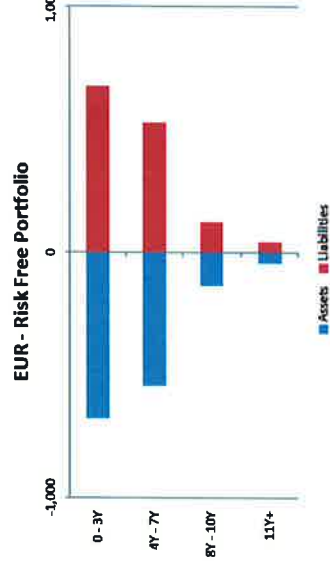
USD		Present Value (in USD)	
Assets	26,853,566		
0 - 3Y	18,346,637		
4Y - 7Y	7,094,840		
8Y - 10Y	1,237,341		
11Y+	174,748		
Liabilities	36,945,959		



GBP		Present Value (in USD)	
Assets	12,318,309		
0 - 3Y	8,146,455		
4Y - 7Y	3,453,122		
8Y - 10Y	639,891		
11Y+	78,841		
Liabilities	17,203,726		



EUR		Present Value (in USD)	
Assets	4,799,582		
0 - 3Y	3,251,089		
4Y - 7Y	1,306,186		
8Y - 10Y	203,565		
11Y+	38,743		
Liabilities	6,671,934		

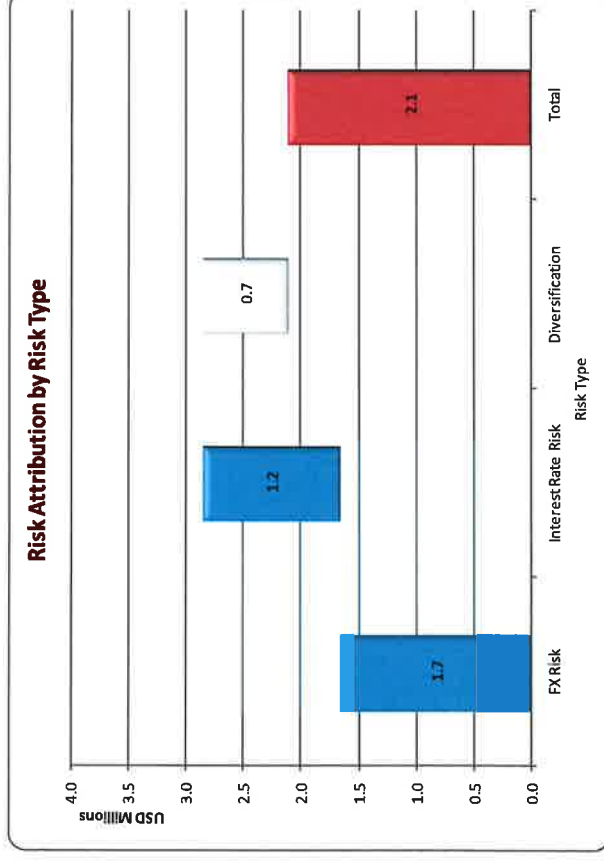




Liability matching portfolio

- Having solved for the minimum risk portfolio for each currency, next we combine the three together to look at the overall minimum risk portfolio for the club. We find only 30% of the total asset value needs to be invested in government bonds to match the PV01 profile of liabilities.
- The minimum risk portfolio has a total VaR of \$2.1million (chart 6). This compares to a current VaR of \$23 million when looking at the current asset and liability portfolio.

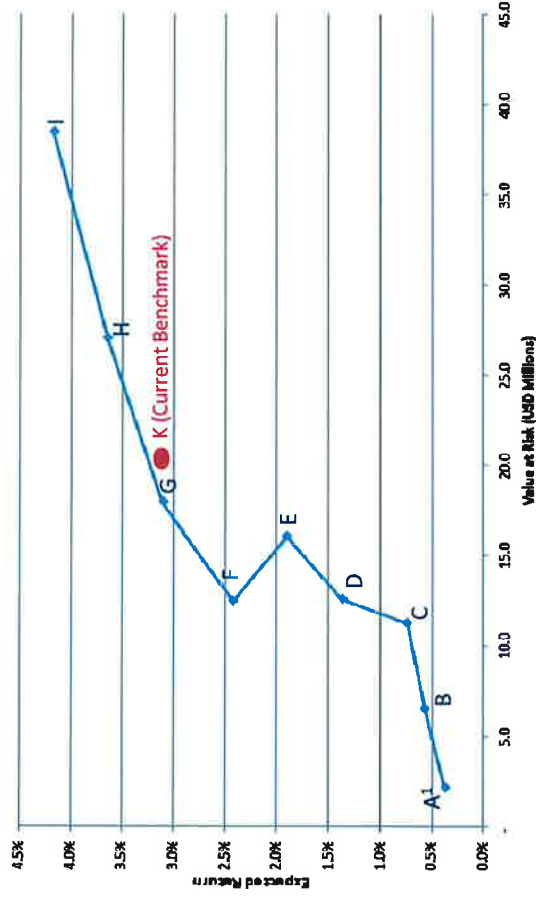
Chart 5: VaR99.5 of minimum risk portfolio





Efficient frontier (liability matching portfolio + surplus portfolio)

- For the remaining assets, we develop an efficient frontier which shows the risk (as measured by VaR99.5) and return profile for different asset allocation combinations.



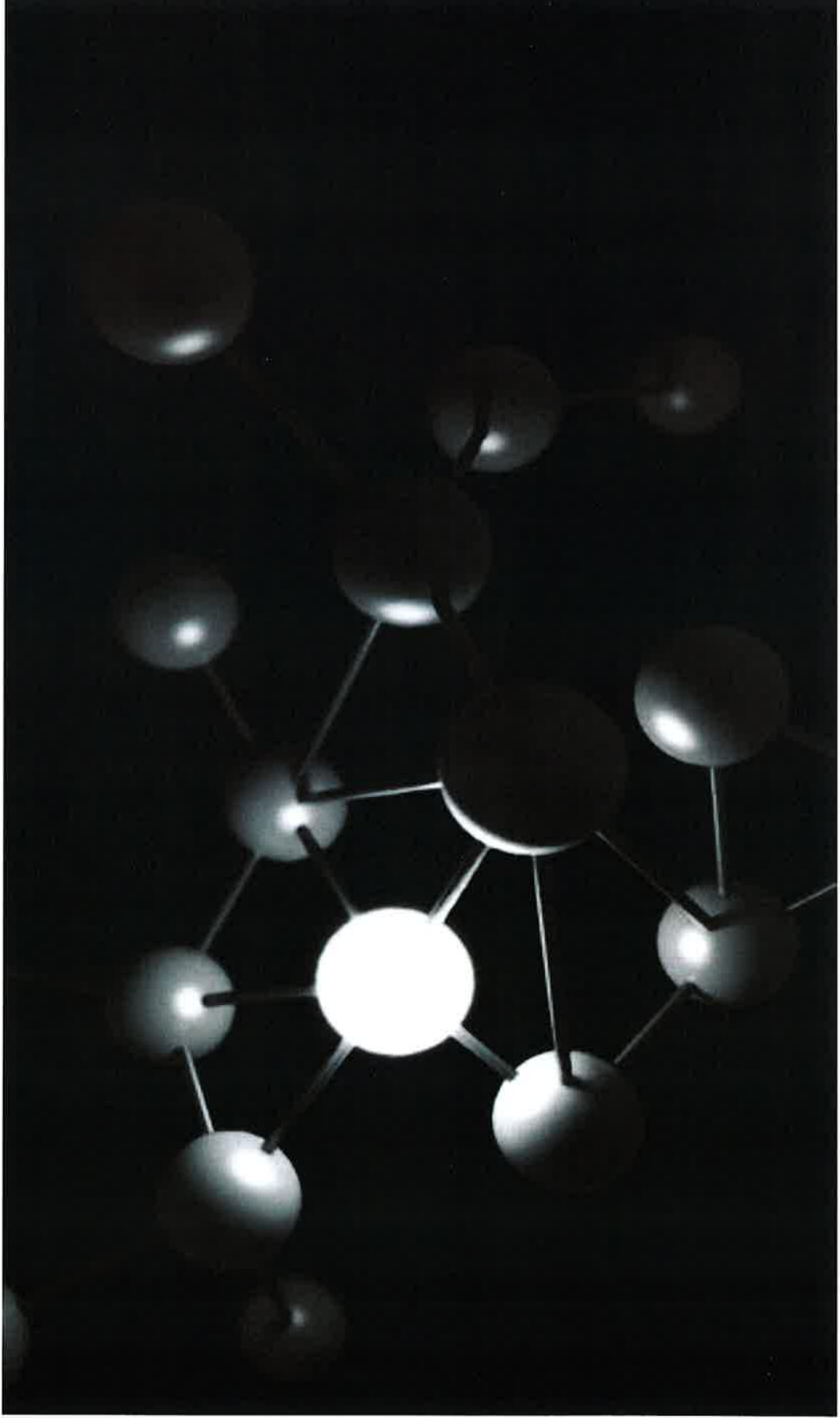
	Exp Ret ²	VaR \$m	Liability matching ³	Surplus				
			Govt. Bonds	Cash	Govt. Bonds	Corporate Bonds	Equity	Diversified Assets
A ¹	0.4%	2.1	30%	70%				
B	0.6%	6.4	30%	35%	35%			
C	0.7%	11.2	30%	5%	65%			
D	1.4%	12.5	30%	5%	30%	35%		
E	1.9%	16.0	30%	5%	65%			
F	2.4%	12.4	30%	5%	50%	10%	5%	
G	3.1%	17.9	30%	5%	30%	25%	10%	
H	3.6%	27.0	30%	5%	15%	40%	10%	
I	4.2%	38.4	30%	5%	55%	10%	10%	
K	3.2%	20.9	30%	10%	45%	30%	15%	

¹Minimum risk portfolio is also the liability matching portfolio assuming residual assets are held as cash.

²Please see Appendix I for details regarding expected return assumptions.

³Note that the portfolio of government bonds can be replaced by a combination of government and corporate bonds to increase the expected return of the overall portfolio

Appendix I
Expected Returns



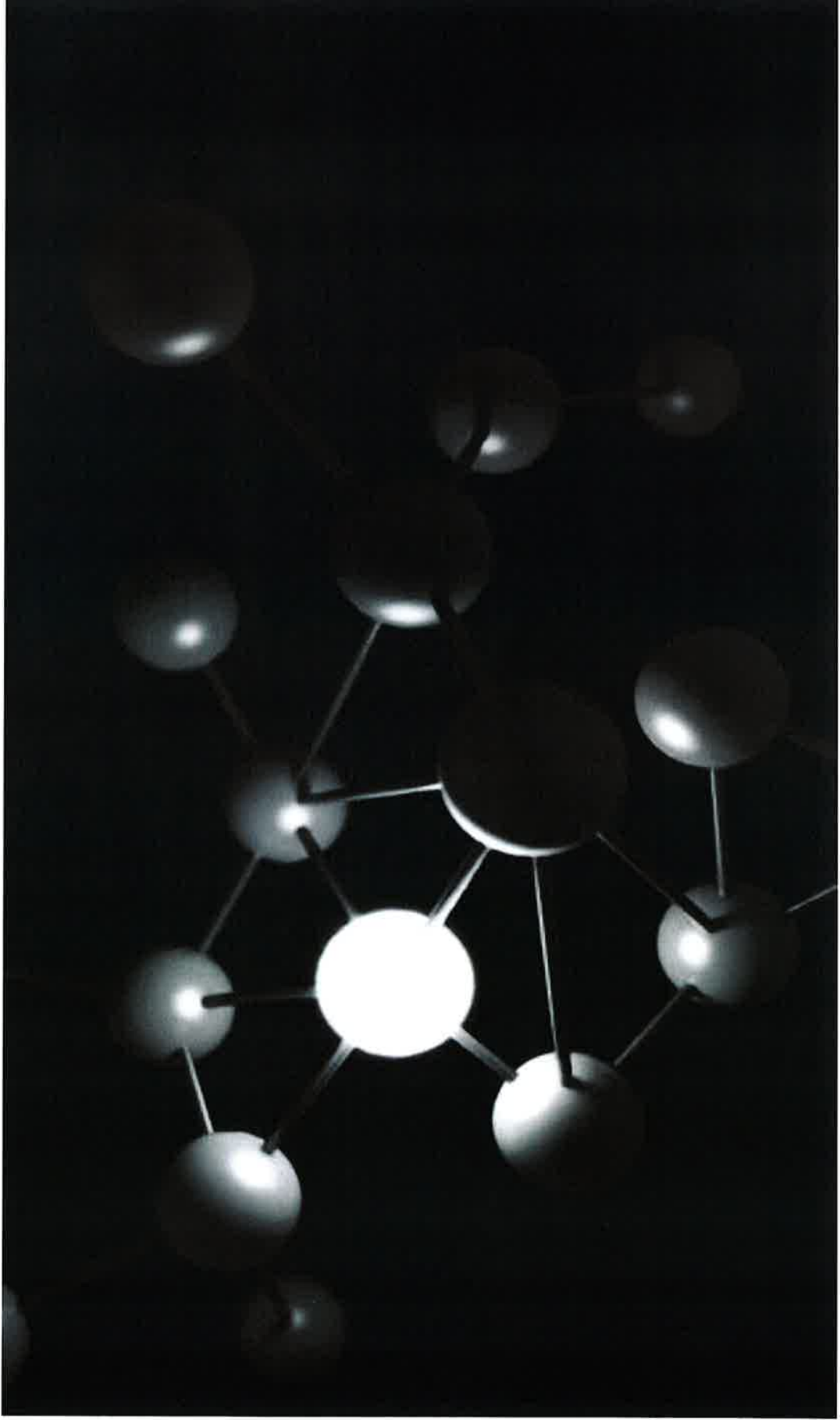


Expected Return Assumptions

Asset Class	As at 31 January 2013
Cash	1 month LIBOR
USD	0.26%
EUR	0.06%
GBP	0.49%
Government Bonds	Total returns using Merrill Lynch Index split into different maturity bucket for each currency
USD (1-3y)	0.27%
USD (3-7y)	0.82%
USD (7-10y)	1.65%
USD (11+)	2.87%
EUR (1-3y)	1.10%
EUR (3-7y)	1.79%
EUR (7-10y)	2.57%
EUR (11+)	3.44%
GBP (1-3y)	0.41%
GBP (3-7y)	0.98%
GBP (7-10y)	1.79%
GBP (11+)	3.07%
Corporate Bonds	Total returns using Merrill Lynch Index split into different maturity bucket for each currency net of defaults (assumed to be 0.30%)
USD All Stock Index	2.61%
Equities	Risk premium of 3.0% over long term cash rate
USD	6.19%
ARFs	Risk premium of 2.5% over long term cash rate
USD	5.69%

Appendix II

Glossary





Maturity Bucket

The grouping of a number of cash flows from securities by maturity ranges. A maturity bucket may be, for example, 3 months – 1 year.

Monte Carlo Simulation

An analytical technique used for estimating the probability distribution of possible outcomes. Through calculating a large number of trial simulations, a solution can be inferred from the collective results of the trial runs. Monte Carlo simulation can be used to calculate VaR. (see VaR)

Present Value 01 (PV01)

The present value of the impact of a one basis point change in interest rates or inflation on the underlying assets and liabilities. It will be negative for a position of net receiving cash flows and positive for net paying cash flows. For example, the nominal PV01 of liabilities on a £3 billion pension scheme, in the 21-30 year maturity bucket, might be £1.8 million.

Value-at-Risk (VaR)

The minimum value that the Scheme would expect to lose (at risk) for a given confidence level, over a given time horizon. In this report we have used a 1-in-20 (i.e. 95%) confidence level. For example, if a portfolio's 95% 1 year VaR is £200 million, it would have a 5% chance (1 in 20) of suffering a loss over the year of at least £200 million.

Volatility

A measure of variability that is used as a common metric for risk. It represents the value of a one standard deviation change in the value of an asset's or portfolio's return. Under certain assumptions, we are able to use this measure to calculate the probability of a given change in the value of the asset or portfolio. For example, within a pension scheme's portfolio, UK Equity and Global Equity might have a historical volatility of approximately 19% and 15% respectively.

Contacts

Disclaimer



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APPENDIX 5

ITIC Strategy Committee - Terms of Reference

1. Purpose

At its meeting on 6th December 2012, the AIR Committee noted that the current Business Plan of ITIC covered a period of between 12 – 18 months although the financial projections (as set out in KPI) were projected for a rolling three year period. The Committee suggested that a review of the longer term strategy of the Club would be beneficial and in this light they proposed the reformation of the ad hoc Strategy Committee. This was approved by the AIR Committee. This document sets out the terms of reference of reference of the Strategy Committee.

2. Governance relationship

The Strategy Committee is an ad hoc committee of the ITIC Board. It is not a standing committee.

3. Membership and procedure

The Strategy Committee is made up from selected Board Members of ITIC and its parallel reinsurer TIMIA. For this review it will comprise:

- i. Peter French (Chairman);
- ii. Michael Shakesheff;
- iii. Bob Bishop; and
- iv. Alan Marsh.

The Chairman, with guidance from the Strategy Committee, may co-opt other directors as required.

The committee's work in the production of the Business Strategy Review will be assisted by the Managers.

4. Authority and Responsibilities

The committee has the authority to direct, formulate and review the Business Strategy Review of the Club before its presentation to the ITIC and TIMIA Boards

5. Meetings and Agendas

The committee may arrange meetings or conference calls as it deems necessary. The agenda for the initial meeting, to run alongside the Board Meeting in Japan in March 2013, should be as follows.

- a. Revisit previous report;
- b. Agree format for Strategy Review. This could comprise a "cut-down" plan focussing on some of the key areas;
- c. Confirm Committee members;

- d. Agree framework, governance and timescale, suggesting presentation to the ITIC and TIMIA Boards in September 2013;
- e. Agree the Terms of Reference of the Strategy Committee;
- f. Suggest main topics of discussion, which could include:
 - i. Review of outcome following previous review;
 - ii. Free reserves strategy (in light of changed regime) and financial projections. ICA and / or ORSA;
 - iii. Regulatory and risk approach for coming years;
 - iv. Premium growth options and strategy, covering products, markets, brokerage etc;
 - v. Reinsurance options and strategy;
 - vi. Future of continuity credit;
 - vii. Future of claims handling including the balance of in-house resource compared to out-sourced professionals;
 - viii. Review of committee structure of ITIC;
 - ix. Review of the financial forecasts provided; and
 - x. Any other matters

It is expected that the Business Strategy Review will be presented to the ITIC and TIMIA Boards at their meeting in September 2013.

6. Reporting Procedures and Documentation

Minutes will be produced for each formal meeting by the Managers which shall note all action items and ensure that individuals deal with the follow-up.

7. Review

These terms of reference shall be reviewed as required, before any formation of the Strategy Committee.

Responsibility	Finance Director	Tim Evans	
Written by:	Finance Director	Tim Evans	1 st March 2013
Reviewed by			

APPENDIX 6
Draft Business Plan

ITIC Business Plan - 2013

- 1. Objectives**
- 2. Finance**
- 3. Claims**
- 4. Underwriting**
- 5. Sales, Marketing & Communications**
- 6. IT**
- 7. Capital Plan**

1. Overall Objectives:

To provide competitively priced professional indemnity insurance (and related products) with loss prevention advice to businesses (known as Members) servicing the marine and transport industry through a mutual insurance company, which maintains strong reserves and is backed by at least "A-" rated security, sound risk management, quality service and competent staff.

To maintain a high level of retention of members (target is 95%) at renewal through a combination of:

- Continuity credits (where feasible) and fair pricing;
- Good insurance cover and service;
- Differential in product and service;
- Treating customers fairly in line with long standing mutual practice (as the members are the owners of this business) and regulatory guidance.

The above objectives align the Business Objectives with the Risk Appetite.

The ongoing objective is for the business to work towards the full implementation of Solvency II which has a current completion date of 1st January 2016.

2. Finance:

- Financial Management (Performance, Risks & Controls)
 - To monitor, on a regular basis, the level of premiums overdue;
 - To monitor, with the ITIM Management team, the KPI, KCI and KRI on a regular basis to ensure that they reflect the business environment whether that be on claim's development, premium growth, investment return, continuity credit payments, free reserves and solvency levels;
 - To review the Credit Control Procedure and so enable all credit controllers to access Blur DMS;
 - To provide information to the Management Fee Sub Committee of the ITIC Board with a view to agreeing a new fee structure whether that be on an annual or multi year basis;
 - To oversee the review of the Finance Business Risk Assessments, including Fraud Risk Register and Reverse Stress Testing Scenario Log.
 - To implement all the recommendations of the Thomas Miller Internal Audit on Corporate Governance and Underwriting (for 2013) (in conjunction with the Club Manager) agreed by either the AIR Committee or Board of ITIC-
- Solvency and Solvency II
 - To ensure, in conjunction with the Investment Managers that the level of non admissible assets do not breach any solvency guidelines;
 - To liaise with the Thomas Miller Internal Auditor and the Audit Investment & Risk Committee re the Audit Plans for 2013-15.
 - To continue to undertake the Solvency II implementation plan (involving the Club Manager and / or others as and when required);
 - To finalise, in due course, a draft Risk Appetite document for explanation and sign off by the Board of ITIC;
- **Headline figures and forecasts - see KPI, KRI and KCI published at Board and AIR Committees and available on the Directors' secure area of the ITIC website.**

3. Claims

- At all times to provide quality claims handling in accordance with both the Club's policy as set out in the EQS manual as per current regulatory requirements.
- To provide and maintain claims estimates in accordance with the Club's policy as set out in the EQS manual and to regularly review those estimates and that manual;
- To provide or obtain prompt and knowledgeable advice and guidance to members on issues relating to their cover and loss prevention;
- To ensure the cost effective delivery of debt collection services to members with Rule 10 cover taking into account the likely prospects of making a recovery and without disproportionate expenditure;
- To maintain a beneficial relationship with the Club's reinsurers via regular meetings with the re-insurance brokers and re-insurers, if appropriate.
- To ensure reconciliation of reinsurance recoveries as against payments within our system and also with the reinsurance brokers in line with Solvency II requirements;
- To liaise with actuaries and other specialists to identify the claims trends and put in place (via the 2013 renewal and underwriting guidelines) remedies to reduce the Club's exposure.

4. Underwriting

- To maintain a **FIVE YEAR AVERAGE** combined ratio by policy year (claims, net of reinsurance, and expenses as a % of premium net of brokerage and continuity credit) of 100% or less through the next phase of ITIC's development;
- To position and maintain ITIC as one of the leading specialist professional indemnity insurers to the London insurance broking community;
- To maintain a target of at least 60-65% of renewals on two year deals from 2013 onwards;
- To start targeting a wider range of both marine and transport broked PI insurance in Germany ;
- To increase the premiums from those members renewing in 2013/14 by at least 5% before accounting for losses (and so plan for a net 2% to 3% increase in overall premium as happened in 2011/12). To continue to implement special clauses and deductibles for certain sectors of the membership and to restrict provision of increased limits of liability for certain sectors of membership as per the 2013 underwriting guidelines;
- To review the future development of subscription underwriting as per the authority of the Board of ITIC;
- Budgeted loss from non renewals in 2013 is US\$ 3.5 million.
- Continuity credit – the level of future continuity credit commitments (for one and two year policies) are likely to stay at the current relatively low levels in order to keep within the target for combined loss ratios and until investment returns and the current claims trend show signs of abating.

5. Sales, Marketing & Communications

- New premium growth for 2013 is US\$ 2.5 million to reflect the continued weak economic situation and competitive PI insurance market;
- Focus is on growth from the professional indemnity sectors of offshore, naval architecture, rail, aviation and claims professionals. While the traditional marine transport sector remains with steady growth.

- Focus is on the sale of the additional products to existing members of D&O, loss of commission, cash in transit and loss of management fee insurance.
- Focus on individual sector, country or regional growth targets by executive tied into performance reviews and at regular Sales meetings;
- Continue to review and upgrade the website. This will include the addition of loss prevention material in the form of short podcasts/videos and a more dedicated and user friendly area for insurance brokers;
- To continue to publish at least two Claims Reviews and four Wires every year;
- To continue with the production of the Year Book for the September Board meeting.
- To encourage area executives to produce and translate documentation relevant to their geographical or sector areas
- To continue to increase number of regional ITIC seminars.
- To introduce a series of contract management workshops
- To introduce a series of Webinars for ship brokers.
- To launch a new ITIC Aviation product in September 2013

6. IT

- To continue to develop the Document Management System (DMS) within Blur (the underwriting and claims system) including electronic authorisation of claim payments, amalgamation of debit and continuity credit notes and credit control functionality.
- Continue to undertake Data analysis both from Blur and cash book so as to prepare a data warehouse to ensure consistency of information for claims, underwriting and reinsurance purposes;
- Implement a series of small improvement projects, considering resources required and via a cost benefit analysis, to improve the information produced by the systems and to improve efficiency and control;
- Solvency II validation of data and controls.
- Develop new Blur "paper type" to allow creation of policy documentation in German language.

7. Capital Plan

There are no plans to use or request capital to buy another PI type insurer or move into another line of insurance business.