

UIA (Insurance) Limited

TERMS OF REFERENCE FOR THE BOARD

Role of the Board

The Board is the main decision making body for the UIA Group. It determines the overall strategic direction and has responsibility for the overall management of all business affairs. The Board sets the Group's values and standards and ensures that obligations to members and other stakeholders are understood and met. The Board monitors and oversees the Group's operations, ensuring competent management, sound planning, the maintenance of internal controls and compliance with statutory and regulatory obligations.

To enable the Board to carry out its objectives, authority has been delegated, under agreed terms of reference, to Committees appointed by the Board and to Executive Management. Matters not specifically delegated are the responsibility of the full Board and are included in a formal schedule of matters reserved for its decision.

The detailed responsibilities of the Board are to:

1. Determine and review the Group's strategic direction, mission and values
2. Determine the Group's key financial objectives including prudential ratios and target rates of return on capital and assets
3. Consider emerging issues which may be material to the business and affairs of the Group
4. Keep under review and maintain the Group's capital and liquidity position
5. Review and approve proposals for the acquisition or disposal of assets which are material in terms of the business of the Group
6. Approve all significant joint ventures, partnerships, alliances and acquisitions
7. Review and approve the Group's annual business plans and budgets (and any material changes thereto)
8. Receive monthly business and financial reports and regularly review the Group's strategy, objectives, business plans and budgets
9. Consider and approve the Group's procedures for reviewing and monitoring risk, and receive regular reports thereon
10. Receive and consider high level reports on matters material to the Group including relations with regulatory authorities, human resources, information technology, insurance cover, disaster recovery, litigation and investment policy and performance
11. Establish and maintain appropriate accounting policies and implement and monitor the maintenance of systems of internal control
12. Consider and approve appointments to the Boards of all Group companies, including Executive Management and approve remuneration arrangements for all Directors
13. Review and approve changes to the terms of reference of the Board and its Committees

Role of Directors

The Directors bring to the Board a wide range of experience and skills, and participate fully in decisions on key issues facing the Group. All Directors take decisions objectively in the interests of the Group and the stakeholders. As part of

their role as members of a unitary Board, Directors constructively challenge and help develop proposals on strategy.

Executive Management provide input to the Board and monitor and report to the Board on operational activities in relation to the Group's businesses. Non-Executive Directors scrutinise the performance of Executive Directors in meeting agreed goals and objectives, and monitor the reporting of performance. A Senior Independent Director is appointed by the Board to be available to members and other stakeholders to raise concerns where contact through the normal channels of the Chair and Managing Director have failed to resolve or for which such contact is inappropriate.

To ensure that Directors are able to exercise independence of judgement, the Board carries out an annual review of Director's interests in which all potential or perceived conflicts are identified and considered.

Structure of the Board

The Board consists of a maximum of twelve directors, comprising a maximum of nine Non-Executive Directors including the Chair and Vice-Chair, and a maximum of three Executive Directors including the Chief Executive Officer. The size of the Board is determined by the need for a balance of skills and experience and so that changes in composition can be managed without undue disruption. A balance of Executive and Non-Executive Directors is maintained such that no individual or small group of individuals can dominate decision making.

A maximum of five of the Non-Executive Directors are elected by the members, from their number, at Annual General Meetings. One of these directors is selected as having recent financial experience within the financial services sector. A maximum of three are appointed annually by the Board, following recommendations made by our partner trade unions, with a minimum of two to be recommended by the National Executive Council of UNISON. One Non-Executive Director is appointed by the Board as an independent industry expert.

All Directors are required to retire by rotation every three years, and may stand for re-election. However all Non-Executive Directors must retire at the AGM following their ninth year of service. All Directors must retire at the AGM following their reaching the age of 70 years.

Board Meetings

The Board meets sufficiently regularly to discharge its duties. The Board has a minimum of six scheduled meetings a year and meets more frequently if required.

The Board has a formal performance review process to assess how well the Board, its Committees and processes are performing and how they might be improved. The performance of each Director and the contribution they make, is also assessed annually. The Senior Independent Director is responsible for leading the performance evaluation of the Board.