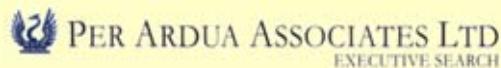




The Armorial Bearings and Supporters of the
WORSHIPFUL COMPANY OF INSURERS

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Role of the Non-Executive Director (NED)

Insurance (Generic)

1. Purpose of the Role

NEDs owe the same legal responsibilities to the company as any other Director. The Board as a whole is collectively responsible for promoting the success of the company by directing the company's affairs. As members of the Board, all Directors are required to:

- Provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- Set the company's strategic aims, ensure that the necessary financial and human resources are in place for the company to meet its objectives, and review management performance;
- Set the company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

A NED is required to bring independence and objectivity to the Board. Specifically, a NED will not have any operational responsibilities but will use their expertise and experience to:

- Contribute to the development of strategy;
- Constructively challenge Executive management and question recommendations to satisfy themselves that appropriate due diligence has been undertaken;
- Participate in the decision-making process of the Board; and
- Monitor the performance of management to ensure that the company delivers its strategic plan.

A NED may be asked to serve on one or more of the Board Committees to provide oversight of specialist activities. If appointed to a Board Committee, NEDs should be advised of the Committee terms of reference, and any specific additional responsibilities involved.

2. Key Accountabilities

The role of the NED has the following key elements:

- **Strategy.** NEDs should constructively challenge and help develop proposals on strategy.
- **Performance.** NEDs should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- **Risk.** NEDs should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
- **People.** NEDs are responsible for determining appropriate levels of remuneration of Executive Directors, and have a prime role in appointing, and where necessary removing, Executive Directors and in succession planning.

In order to fulfil their role, NEDs could:

- Meet as a group from time to time without Executive Directors being present;
- Meet as a group at least once a year without the Chairman being present to consider the Chairman's performance, such meeting to be chaired by the Senior Independent Director;
- Seek to understand the views of major investors both directly and through the Chairman and the Senior Independent Director; and
- Be entitled to seek independent professional advice, at the Company's expense, in the furtherance of their duties.

3. Time Commitment

All Directors must be able to allocate sufficient time to the company to perform their responsibilities effectively. NEDs should be required to:

- Undertake that they will be able to allocate sufficient time to meet the expectations of the role, as set out in their letter of appointment, or as agreed from time to time;
- Disclose their other significant commitments to the Board before appointment, with a broad indication of the time involved;
- Inform the Board of any subsequent changes.

A NED should seek the agreement of the Board, via the Chairman, before accepting additional commitments that might either:

Impact the time he or she has available to devote to their duties as a Director of the company; or

Give rise to an actual or potential conflict of interest.

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4. Independence

A NED must be, and remain, independent. Factors that will be taken into account in determining independence are:

- The nature of any relationships - including previous business relationships - and/or circumstances which are likely to affect, or could appear to affect, the Director's judgement;
- Cross Directorships and/or significant links with other Directors or businesses;
- Any significant shareholdings in other companies;
- The character of the Director, including whether the Director is demonstrably independent in their outlook and views.