

TERMS OF REFERENCE

The LUK Regulatory Reporting Oversight Committee

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DOCUMENT CONTROL

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The LUK Regulatory Reporting Oversight Committee

On 21 July 2015 the Board of Directors of Lancashire Insurance Company (UK) Limited (“LUK”) (the “Board”) resolved to establish a committee of the Board to be known as the Regulatory Reporting Oversight Committee (the “Committee”) and approved and adopted these terms of reference.

The Committee’s role is to support the Board in reviewing Solvency II and other regulatory and public reporting outputs on the Board’s behalf and, to the extent permitted by in force regulatory requirements, approving these for release.

PURPOSE

The purposes of the Committee are:

- 1.1 To review and, where appropriate, approve on behalf of the Board certain internal and external reports required under Solvency II or other regulatory frameworks to timescales as detailed below that need not necessarily be constrained to the Board’s calendar and in relation to the calculation of the Technical Provisions for Solvency II to agree and approve the methodology by which they are calculated.
- 1.2 To provide periodically, as required, a report to the CRO for inclusion in CRO reporting to the Board setting out details of the deliberations and decisions of the Committee and listing the reports and documents approved.

COMPOSITION, QUORUM, MEETINGS AND MINUTES

Composition and Attendees

The Committee shall be composed of at least two non-executive directors of LUK (which may include the Chairman of LUK), its Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO) and such other members as the Board may from time to time see fit. For the avoidance of doubt, the CRO will not be a voting member should there be the necessity for the Committee to hold a vote.

Only members of the Committee have the right to attend Committee meetings. The Chief Accounting Officer and Reporting Actuary may be invited to attend meetings by the Committee to provide technical explanation, advice or other administrative support.

Members of the Committee shall be appointed by the Board.

Chairman

The CFO shall be the Chairman of the meeting. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

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Alternates

The CEO, CFO and CRO may appoint delegates if they are unable to attend. The Chairman of LUK may nominate one or more alternate non-executive directors to attend any meeting if a non-executive member of the Committee is unable to attend.

Quorum

Meetings of the Committee shall be quorate if at least two non-executive directors and one executive director are in attendance. In the event of a vote, decisions of the Committee shall only be considered effective if voted for by both non-executive directors in attendance.

Secretary

The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

Notice and Frequency of Meetings

Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of the Committee. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Committee and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Minutes

The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes may be circulated to all members of the Board at the direction of the Committee Chairman.

Reporting

The Committee Chairman shall ensure that a report of the proceedings of the Committee is formally submitted to the Board after each Committee meeting on all matters relating to its duties and the discharge of its responsibilities. At the discretion of the Chairman of the Committee, the Committee's report to the Board may be incorporated periodically and as required into the quarterly CRO report to the Board.

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RESPONSIBILITIES, DUTIES AND POWERS

The Committee's responsibilities, duties and powers are as follows:

1.1 Data Quality Governance

On at least an annual basis, and at other such times as deemed necessary, review and as appropriate approve the report from the Data Quality Governance Committee and convey summary findings and recommendations to the CRO for inclusion in the CRO report to the Board.

1.2 Other ERM Duties

Perform such other responsibilities regarding LUK's risk and capital management, regulatory reporting or Solvency II governance, policies, activities or other matters as the Board may assign the Committee from time to time.

1.3 Regulatory Submissions Review & Approval

At such times as required by the regulatory reporting calendar, and at ad-hoc points in the calendar as decided by the Chairman, the Committee shall review, challenge and, when deemed appropriate, approve those regulatory submissions detailed below - providing board(s) with confirmation of the same together with a summary of any issues or risks that require attention.

1.4 Technical Provisions

The Solvency II Technical Provisions including the methodology for their calculation for the quarterly and annual submissions to the Prudential Regulatory Authority ("PRA") of the Solvency II Balance Sheet in respect of the LUK.

1.5 Solvency II Quantitative Reporting

On an at least annual basis the Committee shall be provided with details of all quarterly, annual and ad-hoc quantitative reporting to the PRA in respect of the LUK including but not limited to Solvency II Balance Sheet, Technical Provisions, Own Funds, Minimum Capital Requirement, Solvency Capital Requirement, Standard Formula Solvency Capital Requirement, Quantitative Reporting Templates or such other National Specific Templates as may from time to time be required by the PRA and confirmation that they have been submitted to the PRA. The Committee will receive a report that will identify any material issues arising from this reporting, including but not limited to:-the timeliness of the submissions (and any material failures to comply with deadlines), the completeness and accuracy of the data submitted (and any material feedback received from the PRA in relation to the data submitted) and any significant current or prospective amendments that the PRA have communicated in relation to the nature and extent of the reporting required.

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1.6 Ad Hoc Regulatory Submissions

Such ad hoc regulatory submissions relating to risk, capital or Solvency II specific financial reporting matters requiring or deemed as warranting the Committee's review and approval on behalf of the Board.

For the avoidance of doubt, the Annual Solvency and Financial Condition Report ("SFCR"), Regulatory Supervisory Report ("RSR"), Annual Quantitative Reporting Templates ("QRTs") including National Specific Templates ("NSTs"), Own Risk and Solvency Assessment Report ("ORSA") and the Actuarial Function Report shall be considered and approved by the Board of LUK.

Amended terms of reference adopted on 25 April 2017