

INVESTMENT COMMITTEE

TERMS OF REFERENCE

Constitution

- 1 The Committee was established by resolution of the Board of the company (the Board).

Membership

- 2 The Committee shall be appointed by the Board, on the recommendation of the Nominations Committee in consultation with the chairman of the Investment Committee, from the non-executive directors of the company and shall consist of not less than three nor more than seven members. A quorum shall be three members.
- 3 The chairman of the Committee shall be appointed by the Board. The normal period of service on the Committee shall be two terms of three years, with a maximum of three terms totalling nine years.

Attendance at Meetings

- 4 The NIML Director responsible for finance shall normally attend the meetings.
- 5 The NIML Director responsible for finance shall be the secretary of the Committee.

Frequency of Meetings

- 6 Meetings shall normally be held not less than three times a year and as circumstances require.

Notice of Meetings

- 7 Meetings of the Committee shall be called by the secretary at the request of any of its members on not less than 10 working days notice.

Authority

- 8 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 9 The Committee is authorised by the Board to obtain outside professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The costs incurred which shall be reasonable shall be notified to the Chairman and Vice-Chairman of the company.

Duties

- 10 The duties of the Committee shall be to:

- (a) periodically review the investment strategy of the company and make recommendations to the Board;
- (b) periodically review the reinsurance arrangements, including investment strategy, with North of England (Bermuda) and to provide the Board with recommendations to be considered by North of England (Bermuda);
- (c) ensure the adequacy of the custodian arrangements of the company and North of England (Bermuda);
- (d) review and monitor the performance of Investment Managers, receive written and personal presentations and report and make recommendations to the Board;
- (e) investigate and make recommendations to the Board regarding the employment of Investment Managers (recognising that the Committee does not itself have authority to change the Investment Managers).

The appointed Investment Managers currently have full Discretionary mandates and the Committee is therefore not authorised to carry out active management of the company's funds.

Reporting Procedures

- 11 The Committee chairman shall report formally to the Board on its proceedings, and make appropriate recommendations, after each meeting.
- 12 Minutes of meetings shall be taken by the secretary and circulated promptly to all members of the Committee.