

CIRCULAR REF: 2012/040

**CIRCULATED TO ALL MEMBERS, BROKERS AND DIRECTORS
ATTENTION INSURANCE DEPARTMENT**

**12 DECEMBER 2012
AAW/PAJ/CWN**

CORPORATE GOVERNANCE REVIEW

As identified in this year's Management Report, a changing regulatory background, in particular the ongoing implementation of the European Solvency II Directive, has meant that it has been necessary for the Directors to review North's corporate governance arrangements.

At a meeting held in October the Directors agreed to submit proposals to Members which, if approved, will result in the implementation of a new corporate governance structure. A brief, high level summary of the key features of the new structure is as follows:

- The existing board of Directors will be converted in to a Members Board.
- The Members Board will have separate committees for each of the P&I and FD&D Classes with powers to decide Members' claims.
- A smaller group of Directors will be responsible for directing the affairs of the Club in compliance with statutory and regulatory requirements.
- The Directors will consist of seven to nine Member Directors, up to four Executive Directors and up to three Independent Directors.
- The balance of voting power at Directors meetings will remain with the Member Directors.
- The Members Board will have an Elections Committee which will evaluate applications to join the Members Board.

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- The Directors will have a Nominations Committee, which evaluates the performance of the Directors and proposes new Directors.
- The Members Board will have the power to appoint Directors. Any Director so appointed may serve until the next annual general meeting, where they must retire and may offer themselves for reappointment by the Members.

In developing the proposals the Directors have sought to ensure that they meet regulatory requirements and, at the same time, maintain the existing mutual ethos of the Club and the overriding control of the Club by its shipowner Members.

Next steps

Provided with this Circular is notice of a General Meeting of the Members which will be held on 17 January 2013 for the purposes of considering and, if thought fit, approving the proposed structure.

Further guidance upon the proposed changes can also be found on our [website](#) and Members should contact a member of the Management Team in the first instance if they require any further information at this stage.

AA WILSON & PA JENNINGS
JOINT MANAGING DIRECTORS - North Insurance Management Limited
As Managers on behalf of the North of England P&I Association Limited