



Audit Committee Charter

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Approved By: The Board of Directors

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1. THE COMMITTEE

1.1 Purpose

In accordance with paragraph 73 of the Insurance Regulations, 2001, and in service to IronRock Insurance Company Limited (the “Company”), the Audit Committee (the “Committee”) shall assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities for financial reporting, internal controls, audits, and monitoring compliance with laws and regulations.

1.2 Membership

The Committee shall consist of at least three (3) members, all of whom must be non-executive directors, and the majority of whom must be independent directors.

The Board shall, at their first meeting following each Annual General Meeting (“AGM”), appoint members of the Committee, a Committee Chairperson who must be an independent non-executive director, and a Committee secretary. Any member who ceases to be a director of the Company, shall immediately cease to be a member of the Committee. In the absence of the Committee Chairperson, the remaining members present shall elect one of themselves to chair the meeting.

The Board shall keep under review the members of the Committee and ensure that all members remain independent. At any time, any member of the Committee can be removed by the Board in its sole discretion. Appointments to the Committee shall be for a period of up to twelve (12) months, which may be extended by the Board. Members shall be appointed annually at the meeting of the Board immediately following the AGM of the Company.

Only members of the Committee have the right to attend Committee meetings. However, the Committee may invite other persons to attend meetings.

1.3 Secretary

The company secretary or his nominee shall act as the secretary of the Committee.

1.4 Meetings

The Committee shall meet at least four (4) times per year at appropriate times in the reporting and audit cycle and otherwise as required.

Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.

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 three (3) 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.

1.4 Meetings (cont'd)

All or some members of the Committee may participate in meetings in person or by telephone, videoconferencing or electronic or other means of communication. The head of the Internal Audit function of the Company, as well as the external auditors, shall receive notice of every meeting of the Committee.

1.5 Minutes

The Secretary will minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance. Minutes of Committee meetings are to be circulated to all members of the Committee and to the Board, before the next meeting of the Committee.

1.6 Quorum

The quorum for a meeting is two (2) members.

A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

1.7 Remuneration

Each member of the Committee shall receive a fixed annual remuneration to be determined by the Board.

1.8 Reporting

The Chairperson of the Committee shall report the findings of each Committee meeting at the following meeting of the Board, along with any key actions taken by the Committee or recommendations being made to the Board.

Material presented to or prepared by the Committee will be available to all members of the Board upon request.

1.9 Annual General Meeting (AGM)

The Chairperson of the Committee shall attend the AGM prepared to respond to any shareholder questions on the Committee's activities.

1.10 Charter evaluation

Once a year, the Committee shall review this charter to ensure that the charter's requirements are:

1. consistent with current laws and regulations; and
2. pertinent to the Company's strategic goals and objectives.

2. COMMITTEE RESPONSIBILITIES

2.1 Financial reporting

The Committee shall review the financial statements of the Company, including its annual and interim reports, and satisfy itself that the financial statements prepared by management and approved by the auditors are acceptable. This will include discussions of significant financial reporting matters, such as:-

1. the significant accounting policies that have been used, and whether they are appropriate;
2. the methods used to account for significant or unusual transactions, where different approaches are possible;
3. whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, considering the views of the external auditor; and
4. the clarity and completeness of disclosure in the Company's financial statements, and of all material information presented with the financial statements – including the operating and financial review and the corporate governance statement insofar as it relates to the audit and risk management.

2.2 Risk management

The Committee shall also be responsible for managing risks across the business, and shall be required to:-

1. continuously review the effectiveness of the Company's internal controls and risk management systems and examine steps taken by the Board and management of IronRock to control any exposures;
2. review and approve the statements (if any) to be included in the annual report concerning internal controls and risk management;
3. review reports made by the external auditor under the Insurance Act and the Companies Act of Jamaica;
4. ensure that the necessary framework is in place for the Company to comply with all the relevant regulatory requirements; and
5. review all other reports, transactions or matters determined by the Financial Services Commission (FSC) as being the responsibility of the Committee.

2.3 Whistleblowing

The Committee shall review the Company's procedures for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these procedures allow for appropriate and independent investigation of such matters.

2.4 Reporting responsibilities

The Committee Chairperson shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

2.5 Internal audit

The head of internal audit shall have the right of direct access to the Chairman of the Board and the Committee.

The Committee will oversee any internal audits and will therefore be required to:-

1. monitor and assess the effectiveness of the Company's internal audit function within the Company's overall risk management system;
2. approve or terminate the appointment of the head of the internal audit function;
3. consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
4. review and approve the annual internal audit plan;
5. promptly review all reports on the Company from the internal auditors, especially any reports of failure or breakdown of internal controls;
6. review and monitor management's response to internal auditors' reports; and
7. meet the head of internal audit at least once a year, without the presence of management, to discuss their audit plan and any issues arising from the internal audits carried out.

2.6 External audit

The Committee is responsible for the oversight of the Company's relationship with its external auditors, and therefore the Committee shall:-

1. have the primary responsibility for making recommendations to the Board, on the appointment, re-appointment and removal of the Company's external auditor. It shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required and agree their remuneration;
2. agree terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
3. ensure that there are procedures for ensuring the independence and objectivity of the external auditors;
4. review the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

2.6 External audit (cont'd)

5. review the findings of the audit with the external auditor. This shall include but not be limited to, the following;
 - a discussion of any major issues which arose during the audit;
 - any accounting and audit judgements; and
 - levels of errors identified during the audit;
6. review any representation letters requested by the external auditor before management signs them; and
7. review the management letter and management's response to the auditor's findings and recommendations.

2.7 Other matters

Further to the above responsibilities, the Committee shall also:-

1. have access to sufficient resources to carry out its duties, including access to the Company secretary for assistance as required; and
2. give due consideration to the Insurance Act, 2001, the Insurance Regulations, 2001, the Jamaica Stock Exchange (JSE) Rulebook and the JSE Junior Market Rules, and well as any further requirement of the FSC.

2.8 Authority

The Committee is authorised to:-

1. seek any information it requires from any employee of the Company to perform its duties;
2. conduct or authorise investigations into matters within its remit;
3. meet and communicate directly with the internal or external auditors;
4. obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
5. call any employee to be questioned at a meeting of the Committee as and when required during any investigation within the scope of its remit.

3. APPENDIX – INSURANCE REGULATIONS

3.1 Paragraph 73

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(3) While any such property or security remains so ineligible, it shall not be counted as an asset of the insurer.

(4) Any ineligible property or security acquired contrary to this Part by an insurer shall be disposed of forthwith and if the insurer fails to do so within sixty days after being required by the Commission the Commission may revoke or suspend the insurer's registration.

(5) For the purposes of paragraph (4), an investment otherwise eligible shall not be deemed ineligible for the reason that it is in excess of the amount permitted under this Part to be invested in the category of investments to which it belongs and any such excess investment shall be disposed of within the time prescribed in paragraph (1).

72. The investments of a foreign insurer shall be as permitted by the laws of its domicile, but shall be of a quality substantially as high as those required by this Part for similar funds of like domestic insurers.

Investments of foreign insurers.

PART VIII—Corporate Governance, Appointment of Auditors and Actuary, Establishment of Conduct, Investment and Loan and Audit Committees, Responsibilities of Auditors

73.—(1) The directors of a registered insurer shall, at their first meeting following each annual general meeting, appoint an audit committee comprised of not less than three persons, the majority of which shall not be officers or employees of the registered insurer or an associated company.

Establishment of audit committee.

(2) An audit committee shall regulate its own procedure and hold office until the next general meeting.

(3) Without prejudice to the relevant provisions of the Companies Act, the audit committee shall review—

- (a) returns that the registered insurer is required to file with the Commission;
- (b) reports made by the auditor under the Act and the Companies Act;
- (c) such other reports, transactions or matters as the Commission may determine.

(4) Where under the Companies Act a financial statement or return is required to be approved by the directors of a registered insurer, the approval shall not be given until—

- (a) the audit committee has reviewed and reported on the statement or return; and
- (b) that report has been received by the directors.

(5) A meeting of the audit committee shall be convened on the request of the auditor, a member of the audit committee or any director, as the

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case may be, to consider any matters which the auditor, member or director believes should be brought to the registered insurer's directors or members.

Establishment of
conduct review
committee.

74.—(1) The directors of a registered insurer shall elect from among themselves a committee consisting of at least three directors, to be known as the conduct review committee.

(2) The conduct review committee shall establish written procedures with a view to identifying situations which create potential conflicts of interest and preventing such conflicts.

Establishment of
loan committee.

75. The directors of a registered insurer shall, at their first investment and directors' meeting following each annual general meeting, establish a committee to be known as the investment and loan committee consisting of not less than three persons, at least one of whom shall be an officer of the company but the majority of the members shall not be officers or employees of the company or an associated company.

Qualifications of
actuary.

76.—(1) An actuary is qualified to be appointed in the office of actuary of a registered insurer if he is a fully qualified professional member of an actuarial body accredited by the International Actuarial Association and recognized by the Commission which shall publish an annual list of the Actuarial Associations recognized by it.

(2) Where an actuary is qualified only in respect of either life and health insurance business or general insurance business, he shall be qualified to hold the office of actuary only in respect of the business for which he is qualified.

(3) The chief executive officer or chief operating officer or a person performing like functions may not be appointed or hold the position of actuary of a company unless authorized in writing by the Commission.

(4) An authorization under paragraph (3) shall have effect for such period as is specified therein and shall cease to be in effect on the day so specified, being a date not later than six months after it is issued, and a person appointed or holding the position of actuary pursuant to the authorization shall not hold that position after that day.

(5) The chief financial officer or a person performing like functions may not be appointed as or hold the position of actuary of a company unless—

- (a) the audit committee of the company has provided the Commission with a written statement indicating that it is satisfied that the duties of both positions in the company will be adequately performed and that the actuarial duties will be performed in an independent manner; and
- (b) the appointment or holding of the position is authorized by the Commission, which may be granted subject to such limitations and

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