



Investment 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 75 of the Insurance Regulations, 2001, and in service to IronRock Insurance Company Limited (the “Company”), the Investment Committee (the “Committee”) shall on behalf of the Board of Directors (the “Board”) monitor the Company’s investment portfolio to ensure it does not breach any requirements within the Insurance Act, 2001 and Insurance Regulations, 2001, and that it meets the requirements of the Company’s investment policy.

The Committee will therefore provide consultation and guidance the Finance Director and designated senior staff members within the Accounts department who have operational responsibility for the management and safekeeping of all investments

1.2 Membership

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

The Board shall, at their first meeting following each Annual General Meeting (“AGM”), appoint members of the Committee, and a Committee Chairperson who shall be an independent non-executive director. 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 shall ensure the majority of the 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 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 Meetings

The Committee shall meet as often as it determines appropriate, but shall meet at least four (4) times each year. Further, the Committee shall meet upon the request of a Committee member.

Written notice of each meeting will be given to all members of the Committee and such notice shall include an agenda for the meeting in question and a copy of the minutes of the previous meeting. Any written material relating to the individual agenda items shall, to the extent possible, be forwarded to the members together with the notice convening the meeting.

Under special circumstances, a committee resolution may be passed over the phone or in writing.

1.4 Minutes

The Committee shall keep minutes of each meeting which shall be signed by the Chairperson of the Committee. Minutes of Committee meetings are to be circulated to all members of the Committee before the next meeting of the Committee.

1.5 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.

1.6 Remuneration

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

1.7 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.

1.8 Independent advisors

The Committee may engage independent advisors as it determines necessary to carry out its duties and shall have appropriate funding as determined necessary by the Committee for the fulfilment of its tasks and duties.

1.9 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 Key duties

As the Board's representative, the key duties and responsibilities of the Committee are to:-

1. establish written procedures which adhere to prudent standards for:
 - a. making investment decisions;
 - b. making guarantees and committing the Company to financial obligations; and
 - c. continued reassessment of the value of investments on the Company's books;
2. provide the Financial Services Commission (FSC) with a copy of the adopted written procedures pursuant to the Insurance Regulations, 2001, and any amendments thereto;
3. review at least annually the Investment Policy and recommend amendments that the Committee considers necessary or desirable;
4. provide guidance to the Finance Director on the administration of the investment portfolio, consistent with the Company's Investment Policy;
5. review investment reports and ratio analysis prepared by the Finance Director; and
6. conduct due diligence on financial institutions where funds are to be placed to ascertain credit worthiness and other risk exposures.

2.2 Investment authority limits

The Investment Committee must authorise or approve:-

1. any single investment that exceeds \$50,000,000 JMD;
2. all purchases or sales of equities and real estate; and
3. any fixed income investment that is not secured by general obligations of the Government of Jamaica.

2.3 Risk assessment

The Committee is responsible for assessing and managing the following risks:

Credit risk

This is the risk of incurring a loss because a contractor fails to honour its obligations under the contractual arrangements with the Company. The Company manages this risk by the performance of due diligence of the institutions in which it plans to invest.

2.3 Risk assessment (cont'd)

Concentration risk

This is the risk of the investment portfolio becoming overly exposed to, or dependent on, the returns from a single investment or entity. Regulation 42 limits this exposure by restricting any combination of investments in one entity to 5% of total assets – except investments in loans upon the security of general obligations of the Government of Jamaica (GOJ).

The Company shall manage this risk by ensuring that there is no instance that represents a breach of Regulation 42.

Interest rate risk

This is the risk that unexpected changes in interest rates may occur, which may reduce the profitability of some or most of the Company's investments. The Company manages this risk by periodically evaluating changes in the economic environment – both locally and globally – and testing its portfolio's sensitivity to changes in interest rates

Foreign exchange risk

This is the exposure of the Company to fluctuations in the exchange rate as well as losses due to mismatch of currencies between assets and liabilities. The Company mitigates this risk by managing its investment portfolio composition, to ensure an approximate balance between the liabilities and assets it holds in each currency.

Liquidity risk

This is the risk that the Company may not have sufficient funds to meet its current cash flow requirements. The Company manages this risk by maintaining adequate cash reserves and investing in liquid investments.

2.4 Investment regulations

The paragraphs of the Insurance Regulations, 2001, applicable to the Company's investment decisions are:-

1. paragraphs 38 – 72;
2. paragraph 75; and
3. paragraphs 104 – 105.

Copies of these paragraphs can be found in the Appendix of the Investment Policy.

3. APPENDIX – INSURANCE REGULATIONS

3.1 Paragraph 75

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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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