

**1 GENERAL**

- 1.1 The Reserving Committee is a sub-committee of the Audit Committee of the Ancient Order of Foresters Friendly Society Limited.
- 1.2 The Reserving Committee considers matters in relation to key reserving judgements and assumptions prior to presentation to the Audit Committee, Risk and Capital Committee and/or the Board.
- 1.3 The Reserving Committee reports to the Audit Committee, and on occasions directly to the Board of the Society, and conducts its business in accordance with the Society's Rules, these Terms of Reference, any applicable legislation or regulation and the Society's policies, principles and values.

**2 MEMBERSHIP**

- 2.1 Membership and Chairmanship of the Committee will be determined by the Board of the Society taking into account the recommendations of the Nominations Committee.
- 2.2. The Committee will consist of not fewer than two members. One member of the Committee must be an Independent Non-Executive Director and will take the role of Chairman. At least one member of the Committee should be regarded by the Board as having recent and relevant actuarial experience.
- 2.3 The Committee may request the presence, at any of its meetings, of the Society's Chief Actuary and any other individuals as appropriate.
- 2.4 The Committee may request the presence, at any of its meetings, of any Employees of the Society as it may decide.

**3 MEETINGS**

- 3.1 The Chairman of the Committee will chair each meeting. In the case of the Chairman's absence, the members present will elect one of their number to chair the meeting.
- 3.2 The Committee will meet as required to coincide with key dates in the Society's financial reporting cycle.
- 3.3 The date of any meeting will not be changed without all members being given at least one week's notice of the revised date.
- 3.4 The quorum will be two members. Committee members may be present in person or through any other means of communication but to count towards a quorum, members must be able to fully participate in the Committee's proceedings.
- 3.5 The focus for each meeting shall be agreed with the Chairman.
- 3.6 The papers for each meeting of the Committee will be submitted under the authority of the Chairman and will be circulated to members at least one week prior to the meeting. Papers not complying with these requirements will not be tabled at the meeting except with the prior approval of the Chairman.

- 3.7 The Committee Secretary will be responsible for producing notes of the Committee meetings. The notes will be passed to the Chairman and circulated to Committee members and appropriate attendees within two weeks.

#### **4 MAIN FUNCTIONS**

- 4.1 The responsibilities of the Committee are to consider, challenge and where appropriate, recommend:
- 4.1.1 the methodology and assumptions for the Solvency II Actuarial Valuations and the long-term business provisions in the Report and Accounts;
  - 4.1.2 any other methodology and assumptions requiring a major element of technical input and judgement.

#### **5 STANDARDS**

- 5.1 It is the responsibility of the Committee to monitor, in regards to auditing, performance reporting and governance, that the Committee follows appropriate good practice as laid down in the Society's policies, principles and values and relevant codes of practice.
- 5.2 The Committee should take due regard of market conditions, regulatory requirements and guidelines, applicable legislation and the Society's business needs in its deliberations.
- 5.3 The Committee should take into account the recommendations of the Chief Executive and other members of Management.

#### **6 REPORTING**

- 6.1 The Chairman shall report formally to the Audit Committee and, on occasions, directly to the Risk and Capital Committee or the Board, on the proceedings of the Committee after each meeting and on how it has discharged its responsibilities.
- 6.2 The Committee will make whatever recommendations it deems appropriate on any area within its remit where action or improvement is needed.

#### **7 AUTHORITY**

- 7.1 The Committee is authorised to seek any information it requires from any employee of the company in order to perform its duties.
- 7.2 The Committee is authorised to obtain, at the Society's reasonable expense, outside legal or other professional advice on any matters within its Terms of Reference in accordance with any procedures agreed by the Board.

#### **8 CHANGES IN CIRCUMSTANCES AND OTHER INTERESTS**

- 8.1 The Committee will adhere to the Society's Conflict of Interest Policy, the Society Rules and relevant legislation. When there is an agenda item which poses a conflict of interest for any Committee member, that member should withdraw from the meeting.
- 8.2 All declarations of conflicts of interest shall be recorded in the minutes of the meeting. They shall also be recorded in the register of interests of Directors and senior staff.
- 8.3 All Committee members are required to notify the Secretary of the Society of all other bodies in which they have a significant interest or of which they are an Employee, Director, Partner, Trustee or for which they perform a similar role.
- 8.4 All Committee members are required to notify the Secretary of the Society of any changes in circumstances which may affect their Approved Person status under the Appropriate Regulator's regulatory regime or their ability to perform their role as a member of the Committee.

## **9 MONITORING**

9.1 The Committee will:

- 9.1.1 periodically review these Terms of Reference and make any necessary proposals to the Board as to their amendment
- 9.1.2 periodically review and report to the Audit Committee on the effectiveness of the Committee
- 9.1.3 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

Approved by the Board on 14 December 2016

A handwritten signature in blue ink, appearing to read 'Glossed', is positioned above the title 'Company Secretary'.

Company Secretary