

*CS Healthcare*  
*Board Terms of Reference*

**1. Introduction and Purpose**

- 1.1. These Terms of Reference set out the purpose, structure, responsibility and modus operandi of the Board.
- 1.2. The Civil Service Healthcare Society Limited (the Society) is a registered friendly society under the terms of the Friendly Societies Act 1992. It is regulated in the conduct of its business by the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA).
- 1.3. The Board of Directors of the Society (the Board) is the Society's governing body. The Board is responsible for the business of the Society and exercises all of its powers, delegating day to day responsibility to the executive management.
- 1.4. The Society is governed by the Board whose authority derives from legislation, principally the Friendly Societies Act 1992, and the Society's Memorandum and Rules.
- 1.5. These Terms of Reference do not take precedence over legislation or the Society's Memorandum and Rules.

**2. Membership**

- 2.1. The Board will consist of at least 5 Directors but not more than 12 Directors.
- 2.2. From time to time the Board will appoint, from the Non-Executive Directors, a Chairman, a Vice Chairman and a Senior Independent Director (SID).
- 2.3. The Chief Executive shall be appointed as an Executive Director.
- 2.4. Up to 2 other members of the Senior Management Team shall be appointed as Executive Directors of whom one shall be the Finance Director.
- 2.5. The Board approves changes to its membership. Appointment to a Senior Management Function (SMF) will be subject to approval by the FCA/PRA. Newly appointed Non-Executive Directors are also subject to the approval of the Society's members at the following Annual General Meeting (AGM).
- 2.6. Non-Executive Directors shall be required to retire and seek re-election at the third AGM following first election and both Executive and Non-Executive Directors shall be required to retire and seek re-election at each AGM after reaching the Normal Retirement Age.
- 2.7. All Directors shall agree and sign a letter of appointment which sets out the nature of their role, their responsibilities and the associated remuneration.
- 2.8. The Board may also invite such other persons to its meetings to observe, report, answer questions or make presentations, as it deems necessary.

2.9. The Company Secretary or his/her nominee will act as Secretary to the Board.

### **3. Meetings**

- 3.1. At its first meeting after every AGM the Board shall elect from its number a Chairman and a Vice-Chairman who shall hold office until the commencement of the first meeting of the Board held after the next AGM. The Board shall be chaired by the Senior Independent Director for the part of the meeting during which those elections take place.
- 3.2. The Chairman of the Society (or in their absence, the Vice Chairman) will chair each meeting. In the absence of the Chairman and the Vice Chairman, the Senior Independent Director will chair the meeting. In any other case the members present will elect one of their number to chair the meeting.
- 3.3. The Board will normally meet up to 10 times (or as many as it may otherwise determine, with a minimum of twice in each year). Wherever possible the dates of meetings for each year will be agreed and set in advance.
- 3.4. A quorum will consist of half the number of the Board.
- 3.5. Questions arising at a meeting of the Board or a committee shall be decided by a majority of votes with each member present having one vote. In the case of an equality of votes, the chairman shall have a second or casting vote.
- 3.6. Attendance at meetings will usually be in person. The Chair may agree that exceptionally a member, or an invitee, may attend some or all of the meeting by telephone or video link. The Chair shall determine if such a member should count towards the quorum.

### **4. Board information and Minutes**

- 4.1. The Company Secretary is responsible for circulating the agenda and supporting documentation to the Board members at least one week prior to the meeting.
- 4.2. The Company Secretary is responsible for producing minutes of the Board meetings. The Company Secretary shall provide the Chairman with draft minutes of a meeting within 7 working days of the meeting. Draft minutes shall be circulated to other members of the Board within 15 working days of the meeting.
- 4.3. The draft minutes, as approved for issue by the Chairman, shall be presented to the next meeting of the Board for formal adoption. Following approval by the Board, the minutes shall be signed by the meeting Chairman and maintained in the minute file.

## **5. Delegation**

5.1. The conduct of the day-to-day business of the Society will be delegated to the Chief Executive, subject at all times to the Rules, applicable legislation and regulation, Matters Reserved by the Board, delegation by the Board to its Sub-Committees, Policies and Procedures.

## **6. Board Sub-Committees**

6.1. The Board may establish Sub-Committees of Directors to undertake such functions as the Board sees fit. The Board cannot delegate any part of its responsibilities. It shall approve the appointments to Sub-Committees (including the appointment of the Sub-Committee Chairman) taking into account the recommendation of the Nominations Committee. Such Sub-Committees shall have clear Terms of Reference and these must be agreed by the Board. Any revisions to such Terms of Reference must be approved by the Board.

## **7. Changes in circumstances and other interests**

7.1. All declarations of conflicts of interest shall be recorded in the minutes of the meeting.

7.2. All Directors are required to notify the Company Secretary 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.

7.3. All Directors are required to notify the Company Secretary of any changes in circumstances which may affect their Approved Person (Senior Management Function) status under the Appropriate Regulator's regulatory regime or their ability to perform their role as a Director of the Society.

## **8. Board Powers, Responsibilities and Duties**

8.1. The Board has the responsibility for the discharge of all of the matters reserved to it in the following 'Matters Reserved for the Board', as amended by the Board from time to time.

### ***Matters Reserved for the Board***

#### **i. Delegation of Authority**

- a) The division of responsibilities between the Chair, the Chief Executive and other Executive Directors shall be clearly established and set out and agreed by the Board
- b) Approval of the delegated levels of authority limits
- c) Establishing Board sub-Committees and approving their terms of reference and selecting their membership
- d) Receiving reports from Board Sub-Committees on their activities

ii. Strategy and Management

- a) Responsibility for the overall leadership of the Society and setting the Society's values and standards
- b) Approval of the Society's strategic aims and objectives and review of performance in light of these aims
- c) Approval of the Society's 5 Year Plan and related medium term and short term plans
- d) Oversight of the Society's operations ensuring:
  - (1) Competent and prudent management
  - (2) Sound planning
  - (3) Adequate accounting and other records
  - (4) Compliance with statutory and regulatory obligations
- e) Authority to enter into discussions regarding mergers, takeovers and acquisitions, strategic partnerships and outsourcing

iii. Structure and Capital

- a) Major changes to the Society's management and control structure
- b) Changes to the Society's status as a mutual

iv. Corporate Governance

- a) Review of the Society's overall corporate governance arrangements
- b) Undertaking a formal and rigorous annual review of its own performance, that of its sub-committees and individual Directors, and the division of responsibilities
  - (1) Determining the independence of Non-Executive Directors in light of their character, judgement and relationships
  - (2) Approval of the overall level of cover for the Directors' & Officers' liability insurance
- c) Undertaking a regular external review of the performance of the Board and its sub-committees.

v. New Activities

- a) Approval of all significant new activities, developments and products

vi. Budgetary Control

- a) Approval of annual financial operating budget
- b) Approval of changes in premium rates and policy conditions

vii. Financial Reporting

- a) Final approval of the annual accounts, including the Chair's Statement, corporate governance statement and the Directors' Remuneration Report, after initial review by the Audit and Risk, Compliance and Governance Committees.
- b) Approval of any significant changes in accounting policies or practices
- c) Approval of Solvency II assumptions and results
- d) Ownership, updating and approval of the Society's Own Risk and Solvency Assessment

viii. People and Culture

- a) Setting the cultural 'tone from the top'
- b) Approval of the Board Remuneration Policy and Staff Remuneration Policy following recommendation from the Remuneration Committee
- c) Approval of remuneration and other contractual terms for Non-Executive Directors following recommendation from the Remuneration Committee
- d) Approval of general employment conditions for Executive Directors following recommendation from the Remuneration Committee

ix. Board Membership and other appointments

- a) Changes to the structure, size and composition of the Board following recommendation from the Nominations Committee
- b) Ensuring adequate succession planning for Board and senior management so as to maintain an appropriate balance of skills and experience within the Society and on the Board
- c) Appointments to the Board and appointments of other Approved Persons, following recommendations from the Nominations Committee
- d) Selection of Chairman and Vice-Chairman of the Board and of the Chief Executive
- e) Appointment of the Senior Independent Director to provide a sounding board for the Chairman and to serve as intermediary for the other Directors when necessary
- f) Membership and Chairmanship of the Board Sub-Committees following recommendations from the
- g) Nominations Committee and Remuneration Committee
- h) Appointment or removal of the Company Secretary

- i) Appointment of the Internal Auditor and Chief Actuary, to include monitoring their independence, objectivity, expertise, resources and effectiveness
- x. Systems, internal controls and audit
  - a) Ensuring overall compliance with the Regulator's high level standards and other Handbook requirements, acting on recommendations from the Risk, Compliance and Governance Committee
  - b) Approval of major systems changes, in particular arising from IT changes, after recommendations from the Risk, Compliance and Governance Committee
  - c) Appointment of external auditors and agreement of their fees, on recommendation from the Audit Committee.
  - d) Appointment of external actuarial advisers and agreement of their fees, on recommendation from the Risk, Compliance and Governance Committee.
  - e) Appointment of other external advisers to the Board and agreement of their fees, where appropriate on recommendation from one of the sub- committees
  - f) Approving the Society's Risk Appetite Statement
  - g) Approving procedures for the detection of fraud and the prevention of bribery
  - h) Approval of Policies
- xi. Solvency margins
  - a) Setting of minimum solvency ratio limits (above that set by the Regulator) and monitoring of compliance with such limits
  - b) Approval of the Capital Management Plan.
- xii. Liquidity and investment policies
  - a) Approval of minimum liquidity levels
  - b) Approval of Investment Policy, on recommendations from the Performance & Investment Committee
  - c) Approval and appointment of investment advisors, on recommendations from the Performance & Investment Committee
- xiii. Expenditure limits
  - a) Determination of expenditure limits delegated to senior management

xiv. Other

- a) Any decision likely to have a material impact on the Society, or on its membership, from any perspective, including financial, operational, strategic and reputational