



CS Healthcare Finance Committee Terms of Reference

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Owner	Roger Cawse, Finance Committee Chair

1. Role

- 1.1. The Society's Board is responsible for the performance of the Society and for statements made to the Society's members and regulators. The Finance Committee will report to the Board on the Society's financial and business performance, on related policies and practice and on the investment strategy and management of the Society's assets.
- 1.2. The Finance Committee is independent of the executive management of the Society.

2. Membership

- 2.1. The Committee shall be made up of not less than three non-executive directors appointed by the Board from time to time. Appointments shall be on the recommendation of the Nominations Committee in consultation with the Chair of the Committee.

3. Chair

- 3.1. The Board shall appoint one of the non-executive members of the Committee to be Chair of the Committee, on the recommendation of the Nominations Committee, and shall determine the period for which he/she is to hold office.
- 3.2. The Chair of the Committee has responsibility for overseeing the performance of the Committee.
- 3.3. In the absence of the Chair of the Committee, and any nominated deputy, if there are sufficient members present to form a quorum they shall elect one of themselves to chair the meeting.

4. Secretary

- 4.1. The Company Secretary, or with the agreement of the Chair his/her nominee, shall be Secretary of the Committee unless the Committee determines otherwise.

5. Meetings

- 5.1.** The Committee should meet as often as is required and in any case not less than 4 times a year.
- 5.2.** Additional meetings may be called or the meeting timetable changed by the Chair of the Committee in consultation with members of the Committee.
- 5.3.** In addition the Board may ask the Committee to meet to consider specific issues.

6. Quorum

- 6.1.** The Board may determine the quorum for meetings of the Committee from time to time. In the absence of any such determination, the quorum will be two.

7. Attendance

- 7.1.** Only members of the Committee are entitled to be present at the meetings of the Committee. Other Board members may attend all or part of a meeting with the agreement of the Chair of the Committee.
- 7.2.** The Chair of the Committee shall decide if non-members should attend. It is expected that the following will normally attend:
 - Chief Executive and/or Deputy Chief Executive
 - Finance Director
 - Chief Risk Officer
- 7.3.** Other members of the Senior Management Team and employees of the Society will be expected to attend as required.
- 7.4.** The Senior External Auditor shall be invited to attend as appropriate
- 7.5.** The Head of Internal Audit shall be invited to attend as appropriate.
- 7.6.** The Committee may invite external advisers, including the Investment Advisers and Investment Managers, to attend meetings where it considers this to be appropriate.
- 7.7.** Attendance at meetings will usually be in person. The Chair of the Committee may agree that exceptionally a member, or an invitee, may attend some or all of the meeting by telephone or video link. The Chair of the Committee shall determine if such a member should count towards the quorum.

8. Notice of Meeting

- 8.1.** Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee.
- 8.2.** Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, all other non-executive directors and any other person expected to attend and to the internal and external auditors no later than 5 working days before the date of the meeting.

8.3. Supporting papers shall be forwarded to members of the Committee, to everyone attending the meeting and to the internal and external auditors no later than 5 working days before the meeting.

9. Minutes of Meetings

9.1 The Secretary, or with the agreement of the Chair of the Committee his/her nominee, shall minute the proceedings, discussions and resolutions of all Committee meetings including the names of those in attendance and any declarations of conflicts of interest.

9.2 The Secretary shall provide the Chair of the Committee with draft minutes of a meeting within 7 working days of the meeting. Draft minutes shall be circulated to other members of the Committee, the Chief Executive and (if they attended the meeting) the Senior External Auditor and the Head of Internal Audit within 15 working days of the meeting.

9.3 The Chair of the Committee may at his/her discretion choose to report to the Board on the meeting before agreeing the minutes.

9.4 The Secretary shall circulate agreed minutes of the meeting of the Committee to:

- members of the Committee;
- Chief Executive, Deputy Chief Executive, Finance Director and Chief Risk Officer;
- other non-executive directors
- the internal auditors;
- the external auditors; and
- others as may from time to time be agreed by the Committee.

9.5 Final minutes of the meetings of the Committee, signed by the Chair of the Committee, should be maintained for the Society's records.

10. Conduct of Business

10.1 The Chair of the Committee shall submit a verbal report, normally based on previously circulated minutes, at the next meeting of the Board following each Committee meeting, and at other times as appropriate.

10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is required.

10.3 The Committee shall meet separately with the internal and external auditors to discuss any matters which they or the auditors consider should be discussed privately. The Committee shall do so at least once a year.

10.4 The Senior External Auditor, the Head of Internal Audit and the Chief Risk Officer shall have confidential access to the Chair of the Committee.

10.5 The Chair of the Committee will maintain a dialogue with key individuals involved in the Society's governance including the Chair of the Board; the Chair of the Risk, Compliance and Governance Committee; the Chair of the Audit Committee; Chief Executive; Deputy Chief Executive; Finance Director; the Senior External Auditor and the Head of Internal Audit.

11. Responsibilities

Performance

- 11.1** To review and to advise the Board on the Society's ongoing performance, performance data and the key drivers and metrics for assessing and monitoring the Society's performance in the context of the Society's Strategic and Business Plans.
- 11.2** To review and to make recommendations to the Board on the information to be regularly presented to the Board to enable the Board properly to assess and understand the performance of the Society.
- 11.3** To review the Society's financial and overall performance with executive management and to report to the Board.
- 11.4** To review, monitor and make recommendations to the Board on the Society's cash management and liquidity management policies and practices
- 11.5** To review and to advise the Board on the proposals for the annual budget prepared by the Finance Director
- 11.6** To review annually and advise the Board on the Society's Claims and Underwriting Policy
- 11.7** To review and advise the Board on the Society's Reserving Policy and on the assessment of reserves prepared from time to time by the Society's Chief Actuary and Finance Director
- 11.8** To review annually and advise the Board on the Society's Reinsurance Policy
- 11.9** To review annually and advise the Board on the Society's Pricing Policy.
- 11.10** To review and make recommendations to the Board on pricing proposals for existing and new products developed by the Society's management and Chief Actuary, prior to their submission to the Board.
- 11.11** To monitor regulatory filings such as the Solvency II Quantitative Reporting Templates (QRTs)

Investment

- 11.12** To advise the Board on the overall strategy for the Society's General Fund and monitor the agreed investment strategies.
- 11.13** To advise the Board on the Investment Policy and investment risk appetite
- 11.14** To recommend to the Board the appointment of specialist investment advisers, and the terms of that appointment, as required.
- 11.15** To advise the Board on the role and selection of the investment managers, and following competitive tender (at intervals of not more than 3 years) to make recommendations for the appointment and the terms of that appointment.
- 11.16** To approve and review benchmarks for the investment funds and to monitor the performance of the investment managers against the agreed benchmarks, including the management of risk.

Actuarial advice and Chief Actuary

- 11.17** To review the Chief Actuary's advice on reserving, pricing and other matters affecting the financial management of the Society.

- 11.18** To review and monitor the Chief Actuary's independence, objectivity, expertise, resources and effectiveness, taking into consideration relevant UK professional and regulatory requirements.
- 11.19** If the Chief Actuary resigns, to investigate and to advise the Board on the circumstances of that resignation and the implications for the Society.
- 11.20** To advise the Board on the role and selection of the actuarial advisers; arrangements for general provision of actuarial advice including the role of Chief Actuary, following competitive tender (at intervals of not more than 5 years); and to make recommendations for appointment and the terms of that appointment.

12. Annual Review

- 12.1** The Chair of the Committee shall conduct an annual review of the appropriateness of the Committee's terms of reference and of the Committee's performance. After consideration by the Committee the results of that review shall be presented to the Board.

13. Authority

- 13.1** The Finance Committee is a Committee of the Board with the authority, powers and responsibilities set out in the Society's Rules and in these terms of reference.
- 13.2** The Committee shall have access to sufficient resources in order to carry out its duties.
- 13.3** The Committee shall be provided with appropriate and timely training including an induction programme for new members and ongoing training for all members.
- 13.4** The Committee may take independent legal or other professional advice on any matter within its terms of reference when the Committee reasonably believes that it is necessary to do so.
- 13.5** As and when necessary the Committee may request the attendance of any employee of the Society or a representative of a provider of services to the Society at a meeting of the Committee.