

**TERMS OF REFERENCE FOR
AUDIT, COMPLIANCE
AND
CORPORATE RISK
MANAGEMENT
COMMITTEE**



INSURANCE CORPORATION OF BARBADOS LIMITED

AUDIT, COMPLIANCE & CORPORATE RISK MANAGEMENT COMMITTEE

Terms of Reference

Adopted by the Board of Directors on May 10, 2007

(Last revised November 22, 2017)

Objective:

- To report to the Board on the adequacy and accuracy of the financial reporting process, the effectiveness of the internal control structure and Management of financial and operational risks, as well as to oversee and approve the selection, oversight and remuneration of internal and external auditors (and appointed actuaries) and adherence by the Company to related Acts, Laws and to the Barbados Stock Exchange Listing Regulations.
- The function of the Committee is oversight. The Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations.

Authority and Resources:

- The Board authorizes the Committee, within the scope of its responsibilities, to request the attendance of external auditors, internal auditors, appointed actuaries, Management or staff at meetings and obtain outside legal or other professional advice where appropriate.

Composition and Organisation:

- The Committee will consist of a minimum of four external independent Directors.
- All members of the Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

- Members will be appointed for a three-year term of office, which will coincide with the directorship of the Board and the Board will nominate the chair of the Committee. The Chairman of the Committee shall be an independent Director.
- A quorum consists of three members.
- The Secretary of the Committee will be the Company Secretary or her nominee.
- Meetings shall be held not less than four times a year with special meetings convened as required by the Committee members or Management.
- The Committee may meet separately in in-camera/executive sessions with the External Auditors, the Internal Auditor, the appointed actuaries or any other person it may require and during these sessions may discuss any restrictions on the scope of their activities or access to required information and any serious disputes with Management.
- The in-camera/executive sessions should not usurp functions that are properly the province of the full Committee, and may occur during regularly Scheduled Committee Meetings.

Roles and Responsibilities:

Internal Control

- Review and assess the effectiveness of the internal controls of the Company.
- Evaluate the manner in which Management ensures and monitors the adequacy of accounting and internal systems, paying particular attention to computer controls and security.
- Assess Management's response to and implementation of internal control recommendations made by the Company's external and internal auditors.

Corporate Risk Management

- Gain an understanding of the current areas of greatest risk and how Management is managing these risks.
- To review and recommend to the Board for approval the Company's overall firm-wide risk appetite statement and oversee management compliance therewith.
- Review and assess the Company's enterprise risk management process.
- Review with Management the external and internal auditors and the appointed actuaries, as appropriate, the Company's significant risks and exposures, including the most likely sources of material future risks and exposures.
- Assess the adequacy of management's risk assessments, controls and strategies.

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- Ensure Management understands significant risks and exposures and assesses the effectiveness of their approach to mitigate these risks.
- Ensure that the Board receives reports at least annually, on the significant risks facing the Company and how these risks are being managed.
- Receive periodic reports from the Senior Management on the Company's compliance with its guidelines and policies relating to risk assessment and risk Management.
- Receive periodic reports from the Company's legal counsel on legal matters which could significantly impact the financial statements.

Appointed Actuaries

- Recommend to the Board the appointment of the actuaries.
- Review the fee and role of the appointed actuaries and review the findings in their annual report and DCAT and peer review if applicable.

Financial Reporting

- To advise Management, the internal auditors and the independent auditors that they are expected to provide to the Committee a timely analysis of significant issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the quarterly and annual financial statements for accuracy and determine whether they are complete and consistent with appropriate accounting principles, paying particular attention to unusual and complex transactions.
- To approve the quarterly and annual financial statements and to recommend them for presentation to the ICBL Board of Directors.
- To review and approve the Management Discussion and Analysis (or its equivalent) of the Company's financial statements and annual and interim press releases before the company publicly discloses this information.

External Audit

- Recommend to the Board the appointment of the External Auditor.
- Review the role of the external auditors including approval of their proposed audit scope, timing and approach, performance, audit findings and fees.
- Assess the performance of the external auditors.

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- Consider the independence of the external auditor including reviewing the range of services provided in the context of all consulting services bought by the Company.
- As appropriate, meet separately with the external auditors to discuss matters that the Committee or external auditors believe should be discussed in the absence of Management.
- Assess with the Company's external auditors, the existence of fraud, illegal acts or deficiencies in internal control.
- Review the results of the annual audit and both the auditors' interim and final reports to Management.
- Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- Ensure that Management responds appropriately to recommendations by the external auditors.

Internal Audit

- Review and approve the Charter of the internal audit function.
- Ensure that internal audit reports directly to the Chairman of the Audit Committee and administratively to the Chief Executive Officer.
- Review the qualifications, organizational structure and budget of the internal audit function.
- Discuss with Management the internal audit function responsibilities, activities, effectiveness and staffing and any recommended changes in the planned scope of the internal audit function.
- Review the activities of the Company's internal audit function, including the proposed annual audit plan, periodic progress reports on the status of the plan, and summaries of any significant issues raised during the performance of internal audits, including the resolution of recommendations made concerning the Company's system of internal controls.
- Receive summaries of, and, as appropriate, the significant reports to Management prepared by the internal audit function and Management's responses thereto.

Fraud

- Review the results of Management's investigation and follow-up of any fraudulent acts.

Annual Performance Evaluation

- The Committee shall prepare and review with the Board an annual performance evaluation of the Committee, this evaluation must compare the performance of the Committee with the requirements of these Terms of Reference.
- In addition, the Committee shall review and reassess, at least annually, the adequacy of the Terms of Reference and recommend to the Board of Directors any improvements that the Committee considers necessary or valuable.
- The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chairman of the Committee or any other member of the Committee designated by the Committee to make this report.

General

- Review and recommend to the Board for approval any policies that the Board delegates to the Committee.