



## INTERNAL AUDITORS COMMITTEE (IAC) - TERMS OF REFERENCE

### CONTEXT

The Lloyd's Market Association is the representative body for the underwriting market at Lloyd's. It is a company limited by guarantee, owned by its Members, who include all managing and Members' agents. The LMA's mission is:-

*“to be the recognised representative voice of the Lloyd's underwriting market and to provide a range of quality services that improve Members' profitability”*

The LMA Board consists of market leaders, the majority of whom are directly elected by the Members, and sets the overall strategy, direction and priorities of the association. It delegates delivery to the major policy committees which, in turn, rely on a variety of specialist groups and panels, both permanent and ad-hoc.

### ROLE OF THE COMMITTEE

The role of the IAC is to take the lead on behalf of the internal auditors working in the Lloyd's market in considering key issues and requirements as they affect LMA members. In general this will also consist of providing communication/advice to the wider market, and the corporation as appropriate.

### REPORTING LINE

The IAC will be a stand alone committee, but with ultimate responsibility to the LMA Board for representing the needs and interests of LMA Members.

### MAIN ACTIVITIES:-

- ◆ consider relevant IA issues arising out of changes to requirements/standards by Lloyd's, IIA, FCA/PRA, and others, insofar as they affect the Lloyd's Market.
- ◆ seek active involvement with Lloyd's in the development and implementation of IA and related policy insofar as it affects managing agents.
- ◆ provide practitioner feedback to Lloyd's and external bodies as required.
- ◆ manage any IA “forum events” for members (i.e. topics, speakers, logistics etc)
- ◆ publicise and communicate any relevant information to IA staff working in the Lloyd's market.

## **MEMBERSHIP OF THE COMMITTEE**

Members of the Committee will typically be the Head or Group Internal Auditor within managing agent firms.

The Committee shall normally consist of between six and eight managing agent members. In addition, the option exists to invite Lloyd's, consultancy firms, or other ad-hoc members for some or all meetings.

## **SELECTION**

Committee will review the IA contact list when considering any vacancies which need to be filled, and if necessary applications will be invited from the wider IA community. The new members shall be selected by the existing IAC members in discussion with the LMA executive (Secretary and Head of Finance & Risk).

Committee members will normally be appointed for a term of three years. They will be able to re-apply but with a maximum limit of two consecutive periods for members to serve on the committee, unless agreed otherwise by the above.

The LMA is indebted to Members who give freely of their time to serve on Committees for the general good of the market. In order to fulfil its role of providing a voice for the market, the LMA tries hard to retain on each Committee, and across all Committees, a balanced representation and the widest spread of member involvement.

Each Committee needs a representative spread of managing agents across whatever parameters are relevant to the Committee's remit - for example size, capital structure, or types of underwriting. Also needed is a combination of personal experience and job function that will provide the Committee with the portfolio of knowledge and perspectives which it needs.

In order to achieve this, the LMA has a policy for selection based on these principles;

- representative balance
- objectivity of selection
- regular turnover
- transparency of procedure
- diversity

No member company will be allowed to dominate. Normally, only one person from any one member firm will be invited onto the committee at the same time.

A Committee Member whose job role changes will automatically have his or her membership of any LMA Committee reviewed.

The application of these criteria will be a neutral function administered by the executive.

Committees work for the benefit of the market and Members are charged with representing the interests of the market as a whole rather than those of their own business.

**CHAIRMANSHIP**

The Chairman will be selected by the currently appointed IAC members, for a period of 12 months at a time which can be rolled forward if agreed by committee.

**FREQUENCY OF MEETINGS**

The committee shall normally meet at least once a quarter, with any ad-hoc meetings added as required.

**COMMITTEE ADMINISTRATION**

Executive support will be provided by the LMA. All meetings will be attended by the Secretary or their alternate.

The Secretary will issue agendas and papers and keep a file note from each meeting.

**COMPLIANCE WITH COMPETITION RULES**

The LMA has adopted guidelines for committees, panels/working groups, and the chairmen and secretaries to follow, in order to ensure that the activities of the LMA do not breach EU and UK competition law.

In accepting a place on any LMA Committee or panel, a Member is agreeing to comply with these guidelines.

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