

CHIEF RISK OFFICERS COMMITTEE:

TERMS OF REFERENCE

All committee members should familiarise themselves with the Guidelines. In accepting membership of any committee, the individual/organisation agrees to be bound by the Terms of Reference of that committee and to comply with the Competition Compliance Guidelines.¹

1 CONTEXT/BACKGROUND

- 1.1 The Lloyd's Market Association (LMA) is the representative body for underwriting businesses at Lloyd's. It is a company limited by guarantee, owned by its members (managing and members' agents).
- 1.2 The LMA's mission is:
"To provide a single voice for the Lloyd's underwriting market and a range of quality services that improve members' profitability".
- 1.3 The LMA Board, consisting of market leaders the majority of whom are directly elected by the members, sets the overall strategy, direction and priorities of the LMA. It delegates delivery to policy committees which in turn rely on a variety of specialist groups and panels, both permanent and ad hoc. The LMA depends on several hundred volunteers on all these committees to ensure that the views it expresses are representative of the market and the services it provides are in tune with members' needs.
- 1.4 The Chief Risk Officers (CRO) Committee is one of the seven policy committees of the LMA and reports to the LMA Board. The LMA committee structure can be found on the [LMA website](#).
- 1.5 The CRO Committee has been established to take the lead in considering key risk management issues and the impact these have, or may have, on LMA members and the Lloyd's market as well as championing best practice in risk management for the advancement of the Lloyd's market.

2 ROLE OF CRO COMMITTEE

- 2.1 The CRO Committee has the following roles:

¹ The LMA will provide paper copies of its Competition Compliance Guidelines and committees' terms of reference on request.

- 2.1.1 to promote efficient operation and the highest technical standards in the risk management area;
- 2.1.2 to represent the interests of practitioners in this area with Lloyd's, regulatory authorities and organisations in the UK and overseas; and within the wider insurance industry;
- 2.1.3 to respond to requests from practitioners in this area, the LMA executive, policy committees and other committees for advice and recommendations on issues and, where necessary, raising such issues with other organisations or individuals;
- 2.1.4 to promote good communications between the CRO Committee and the LMA and its other committees, Lloyd's, the UK and overseas regulatory authorities, and other interested parties.
- 2.1.5 In particular, the CRO Committee will provide a recognised voice on:
 - key risk management issues impacting Lloyd's but also London Market insurance firms;
 - evolving regulatory requirements for CROs;
 - discussion forums to consider emerging and long-term risks; and
 - championing best practice in risk management to advance Lloyd's/London Market insurance businesses.

2.2 The CRO Committee will fulfil this role by:

- 2.2.1 being constituted so as to be representative of the interests of CROs in the Lloyd's market;
- 2.2.2 meeting on a regular basis with planned agendas and minutes of proceedings;
- 2.2.3 publishing a summary of its work from time to time on the LMA's website by way of summary minutes of its meetings; and
- 2.2.4 providing an interface with relevant parties and formulating views on risk management developments and best practices (through market forum events, etc).

3 OFFICERS

3.1 Chairman

3.1.1 Duties

- (a) The Chairman will oversee the efficient and effective operation of the CRO Committee in accordance with these Terms of Reference.
- (b) The Chairman will, in fulfilling their duties as Chairman, use their best endeavours to act independently with due regard for the interests of all managing and members' agents, and in accordance with any legal or regulatory requirements.
- (c) In particular, the Chairman (with the assistance of the Secretary) shall ensure that the conducts its business in accordance with the requirements of UK and EU competition law.
- (d) In the event that the Committee fails to reach a decision on any matter under discussion, where a decision is required, the Chairman shall escalate the matter to the LMA Board via the LMA executive.

3.1.2 Appointment

The Chair position will rotate after every three/four meetings to ensure equal contribution and engagement from all Committee members.

3.2 Deputy Chairman

3.2.1 Duties

The Deputy Chairman shall perform the functions of the Chairman in the event of the Chairman's absence, incapacity or on an interim basis in the event of the Chairman's removal.

3.2.2 Appointment

The Deputy Chair position will rotate after every three/four meetings to ensure equal contribution and engagement from all Committee members.

3.3 Secretary

3.3.1 Duties

The Secretary and LMA executive will be responsible for the efficient administration of the CRO Committee, including the convening of meetings,

preparation and circulation of agendas and minutes, reporting, timely follow-up of agreed actions and management of agreed projects; and shall monitor compliance by the CRO Committee with the [LMA's Competition Compliance Guidelines](#), bringing any potential breaches to the attention of the Chairman and Chief Executive of the LMA.

3.3.2 Appointment

The Secretary shall be a member of staff of the LMA.

4 MEMBERSHIP OF THE CRO COMMITTEE

4.1 The CRO Committee shall be comprised of up to 20 members.

4.2 Members of the CRO Committee shall be employees of member firms.

4.3 Normally, there shall be only one CRO Committee member from any one managing or members' agency.

4.4 Current membership

4.4.1 The members of the CRO Committee are listed [on the [LMA website](#).]

4.5 Membership criteria

4.5.1 The criteria for selection shall be as follows:

- Currently performing a CRO role
- Recognised authority among practitioners in this area
- Ability to represent practitioners' interests to external bodies
- Reputation for fairness and integrity
- Technical knowledge
- Where their agreement to serve will add balance and strength to the CRO Committee as an LMA committee.

5 MEETINGS AND ADMINISTRATION

5.1 The Chairman, or in his absence the Deputy Chairman, shall preside at meetings. In the absence of the Chairman and the Deputy Chairman, a chairman elected by a simple majority of those members present at the meeting shall preside.

- 5.2 In the conduct of all its meetings the CRO Committee shall comply with all applicable competition and other relevant laws.
- 5.3 The Secretary will ensure that an agenda for each meeting is circulated ahead of each meeting.
- 5.4 A copy of the draft minutes of every meeting of the CRO Committee shall be sent as soon as reasonably practicable to every member of the committee. The minutes remain in draft until adopted at a quorate meeting of the CRO Committee.
- 5.5 Where it is deemed necessary the CRO Committee may set up a sub-group to deal with specific projects and invite a limited number of members and co-opted experts to participate (a "Sub-Group"). The Sub-Group shall report back to the CRO Committee with any recommendations, which will be considered by the CRO Committee.
- 5.6 Venue, material, equipment and secretarial facilities will be arranged and provided by the LMA.

6 PROFESSIONAL FEES

- 6.1 Where the CRO Committee wishes to seek professional advice in the course of its work, the nature and estimated cost of such work must be discussed with and agreed by the LMA Executive prior to instructing. The LMA will require the CRO Committee minutes to approve any expenditure.

7 REVIEW OF TERMS OF REFERENCE

- 7.1 Not less than two years after the date on which these Terms of Reference come into effect, the LMA in consultation with the CRO Committee and practitioners in the risk management area shall undertake a review of the workability and practicability of these terms and, in the light of the outcome of such review, make proposals for changes to these terms as appropriate. Amended Terms of Reference shall be published on the LMA website shortly after the review.