

Terms of Reference MEMCO

THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION (EUROPE) LIMITED (“UK EUROPE”)

MEMBERS’ COMMITTEE (“MEMCO”)

These Terms of Reference of the UK Club Members’ Committee (hereinafter “the Committee”) are as adopted by the Committee at its first meeting on 19 November 2016 and are subject to amendment as the Committee may think fit. References to the UK(E) Board in this document are references to the Board of UK (Europe). References to the UK(B) Board in this document are references to the Board of UK (Bermuda), (both UK(E) and UK(B) being referred to as “the UK Club”).

1. Purpose

To exercise the powers, duties and discretions set out in these Terms of Reference, the Articles of Association of UK(E) and the Rules of the Club, to the extent that they are, or become, reserved for or delegated to the Committee.

2. Relationship with the UK(E) Board and UK(B) Board

The Committee is a committee of the Club’s Members and is not a Committee exclusively of the UK(B) Board or the UK(E) Board.

3. Membership

- 3.1 The Committee shall be comprised of such persons as are nominated and appointed by the Members of the Club from time to time in accordance with the Articles of Association of UK(E).
- 3.2 The Committee shall be composed of at least 20 but not more than 45 members of UK(E).
- 3.3 The members of the Committee shall be subject to the relevant provisions of UK(E)’s Articles of Association in respect of eligibility, election, tenure and re-election.

4. Chairman and Deputy Chairmen

- 4.1 The Committee shall choose or elect one of their number to be the

Chairman of the Committee.

- 4.2 The Chairman of the Committee, if any, shall act as chairman at all meetings of the Committee at which he is present. In his absence, one of the Deputy Chairmen of the Club shall act as chairman. If none of them is present, a chairman shall be appointed or elected by those present at the meeting.

5. Meetings

- 5.1 The Committee shall ensure that Committee meetings are held at least twice a year and shall hold such further meetings as often as required (including for the settlement of claims) to discharge their duties effectively.

6. Authority

- 6.1 The Committee was established pursuant to a special resolution passed by the UK(B) Members on 19 November 2016.
- 6.2 The Committee is authorised by the UK(B) Members to exercise the powers, duties and discretions set out in these Terms of Reference, the Bye-laws of UK(B) and the Rules of the Club, which are reserved for or delegated to the Committee.
- 6.3 The Committee is authorised by the UK(E) Board to exercise the powers, duties and discretions which are reserved for or delegated to it pursuant to resolution of the UK(E) Board dated 19 November 2016 in relation to the period prior to 20 February 2017.
- 6.4 The Committee is authorised to obtain and pay for such legal or other independent professional advice as it may consider appropriate from time to time.
- 6.5 The Committee is authorised to obtain payment of its reasonable costs and disbursements from the funds of the Club.

7. Duties

The Committee shall:

7.1 *General Duties*

- 7.1.1 Provide a forum for UK(E) Members to play an enhanced role in the governance of the Club in relation to mutual member issues.
- 7.1.2 Exercise the powers, duties and discretions set out in these Terms of Reference, the Articles of Association of UK(E) and the Rules of the Club, which are reserved for or delegated to the Committee.
- 7.1.3 Provide assistance on any other matters requested by the UK(E) Board and the UK(B) Board from time to time, with the aim of providing a mutual members' perspective on those matters which are relevant to the mutual business of the Club.
- 7.1.4 Represent generally the views of mutual members in relation to matters of strategic importance and on significant decisions proposed by the UK(E) and UK(B) Boards.

7.2 *General Discretions*

- 7.2.1 Exercise the discretions referred to in paragraph 7.1 above and those powers, duties and discretions delegated or reserved to the Committee pursuant to the resolution of UK(E) Board dated 19 November 2016.

7.3 *Constitution*

- 7.3.1 Call such general meetings of the UK(E) Members as it sees fit in accordance with the Articles of Association of UK(E).
- 7.3.2 With assistance from NOMCO, appoint and remove Directors from the UK(E) Board in accordance with the provisions of the UK(E) Articles of Association, having regard to the overall composition of the UK(E) Board with a view to ensuring that the Directors have the necessary skills and experience.
- 7.3.3 With assistance from NOMCO, appoint and remove Directors from the UK(B) Board in accordance with the provisions of the UK(B) Bye-laws, having regard to the overall composition of the UK(B) Board with a view to ensuring that the Directors have the necessary skills and experience.

- 7.3.4 Review the performance of the Committee and agree the composition of the Committee, ensuring that its members have the necessary skills and experience and are representative of the Club's membership.
- 7.3.5 Consider and provide input on any recommendations of the UK(E) and UK(B) Boards to amend the Articles of Association of UK(E) or the Bye-laws or Act of Incorporation of UK(B) .
- 7.3.6 Consider and provide input on any recommendations of the UK(E) Board to alter, add or repeal any Rules of the Club from time to time.
- 7.3.7 Review and agree changes to the Committee's own Terms of Reference.

7.4 *Financial*

- 7.4.1 Provide input to the UK(E) Board in relation to decisions regarding imposing a general increase, levying a supplementary premium or an overspill call, making a return of call or agreeing a discount on the mutual premium.
- 7.4.2 Provide input to the UK(E) Board in relation to any proposal that would materially change the Club's involvement in the affairs of the International Group or that would affect participation in the Pooling Agreement, or the International Group Agreement.
- 7.4.3 Provide input to the UK(E) Board in relation to their evaluation of the performance of individual policy years, the closing of policy years and the application of funds to reserves.

7.5 *Claims*

- 7.5.1 Exercise the powers, duties and discretions granted or delegated to the Committee, under the Rules of the Club or otherwise, in relation to risks covered by the Club (under Rule 2) and conditions, exceptions and limitations to such cover (as set out in Rule 5).
- 7.5.2 Meet as often as it may consider necessary for the settlement of claims to be paid by the Club as the Committee may determine in

accordance with the Club's Rules.

7.5.3 Authorise the Managers to effect payment (without prior reference to the Committee) of claims of such types and up to such sums as the Committee may determine.

7.5.4 Provided always that no member of the Committee shall act as such in relation to the settlement of any claim in which he is interested.

7.6 *Shipping Industry Matters*

7.6.1 Consider and review shipping industry and other related industry questions and issues that are relevant to the mutual business of the Club, including in relation to the International Group and the Pooling Agreement.

7.6.2 Provide input on the formulation of policies in relation to new shipping legislation or industry developments.

7.7 *Loss Prevention and Members' Risk Management*

7.7.1 Consider and review reports from QUALCO regarding the quality of the membership and of entered tonnage.

7.7.2 Provide input and feedback on the direction, scope and effectiveness of Club initiatives relating to loss prevention and to members' risk assessment.

8 Exercise of powers, discretions and duties

In exercising any power, discretion or duty vested in it, the Committee shall:

8.1.1 act in accordance with UK(E)'s Articles UK(B)'s Bye-laws, and the Club's Rules;

8.1.2 only exercise powers for the purposes for which they are conferred;

8.1.3 act in the way it considers, in good faith, would be most likely to

promote the success of the Club for the benefit of its members as a whole;

8.1.4 exercise independent judgment; and

8.1.5 exercise reasonable care, skill and diligence.

9. Delegation

9.1 In accordance with UK(E)'s Articles of Association, the Committee may delegate any of its powers to committees consisting of members of the Committee and such other persons (not being members of the Committee) as the Committee may think appropriate, but every such committee shall conform to such directions as the Committee shall impose on it.

9.2 In accordance with UK(E)'s Articles of Association and Rules, and UK(B)'s Bye-laws, the Committee may from time to time delegate to the Managers such of the powers, duties or discretions granted by the Articles, Bye-laws, or the Rules, in each case as are reserved to the Committee, as they think fit and such powers, duties or discretions may be made exercisable for such period and upon such terms and conditions and subject to such restrictions as are set out in the Articles Bye-laws, or Rules, or as the Committee may determine.

9.3 Any committee formed pursuant to paragraph 9.1 (as the case may be) shall in the exercise of any function or power delegated to it conform to any regulations that may from time to time be imposed upon it by the Committee.

10. Reporting Procedures

10.1 The Committee through its Chairman shall report to the regulated Boards of UK(E) and UK(B) at such times and in such manner as the Committee and the Boards may agree.

10.2 The minutes of the meetings of the Committee shall be circulated to the members of the Committee, the UK(E) Board, the UK(B) Board, and the Managers of the Club.