

RELIANCE MUTUAL INSURANCE SOCIETY LIMITED

FAIR MEMBER BENEFITS COMMITTEE TERMS OF REFERENCE (Incorporating the With Profits Committee)

Overall purpose and responsibility of the committee

The role of the Fair Member Benefits Committee is to make recommendations to the Board to ensure that **all** members, both with profit and non profit, are treated fairly when financial management decisions are made.

Membership

All directors serve on the Committee and the Chairman of the Society is the Chairman of the Committee. The With Profits Actuary will attend all meetings. The Actuarial Function Holder will also normally attend meetings at the invitation of the Committee. The Company Secretary acts as Secretary to the committee.

Frequency of meetings, quorum and notice

The committee meets at least three times a year and also when required. A minimum of two members of the committee are required to attend in order for business to be conducted. Ordinarily notice of meetings, agendas and papers will be provided seven days before the date of the meeting. Minutes of committee meetings will be provided for review by the board.

Conduct of the committee

Any resolution or decision of the committee shall be passed by a simple majority and resolutions may be passed between meetings either in writing or by electronic communications. In the absence of the Chairman of the Society, the Committee will be chaired by the Senior Independent Director or by an independent director chosen by those directors present.

Responsibilities

The responsibilities of the committee are to:

- Ensure that all customers are treated fairly when financial management decisions are made.
- Receive and review advice from the With Profits Actuary on the exercise of discretion in respect of with profits business.
- Review bonus recommendations made by the Actuarial Function Holder and recommend bonus rates, for approval by the Board, that treat all customers fairly.
- Approve the Principles and Practices of Financial Management document (PPFM).
- Ensure that the Society has complied with the terms of its PPFM.
- Produce on behalf of the Board, an annual report to with profits policyholders stating whether the Society believes it has complied with the obligations contained in the PPFM and the evidence and reasons for that belief.

- Ensure that the With Profits Actuary is able to provide independent judgment in assessing compliance with the PPFM, addressing conflicting rights and interests and making any statement or report required to with profits policyholders in addition to the annual report.
- Receive regular reports regarding the financial performance of the Society and the resulting impact on long-term prospects.
- Review and develop key customer communication, including in relation to its own operation.
- Oversee the management of the Society's estate balancing any competing or conflicting rights and interests of all customers.

Review of performance and terms of reference

Once a year, the committee will formally review its own performance and its terms of reference. The Board will also review these terms of reference annually.

Approved: 25 November 2010