

Key Insurance Company Limited
(hereinafter referred to as “Key” or “the Company”)

CONDUCT REVIEW COMMITTEE
Terms of Reference

Interpretation
“Related Party” is defined in Regulation 82(1)&(2) of the Insurance Regulations and is annexed hereto.
“Securities” is defined in Section 2 of the Securities Act and is annexed hereto.

1. Purpose

The Conduct Review Committee (CRC) is established in accordance with regulation 74(1) of the Insurance Regulations, 2001 (the Regulations) which is issued pursuant to the Insurance Act (“the Act”). The CRC is mandated to establish written procedures that are geared towards identifying situations which create potential conflicts of interest and preventing such conflicts.

2. Duties/Responsibilities

- a. Review and, if thought fit, provide written approval for transactions between Key and any Related Party, subject to the requirements of regulations 82 through 86 of the Regulations.
- b. Review disclosures required to be made to the Board of Directors by Related Parties.
- c. Monitor the procedures established by the Board of Directors to identify and resolve Conflicts of Interest and ensure no self-dealings.
- d. Review the policies and, if applicable, the practices of the Company to determine the arm’s length consideration for all transactions with Related Parties, subject to the requirements of the Income Tax (Amendment) (No.2) Act 2015.
- e. Review the policies and practices of the Company to identify any transactions with Related Parties that may have a material effect on the stability or solvency of the Company.
- f. Keep a current total of all loans made to Related Parties that have been approved by the Committee, by name and the security relating to it.
- g. Demonstrate an awareness of the persons and entities that are Related Parties. In addition, it is the duty of the Committee to ensure that the directors and senior management are also aware of these Related Parties.
- h. Ensure compliance with all regulatory guidelines applicable to the Committee’s scope of authority.

- i. Keep a record of all related party transactions which it approves or which it does not approve, together with all such transactions which it refers to the Financial Services Commission and the disposition of such referrals.
- j. Keep a record of all related parties.
- k. Provide the Commission with a copy of the written procedures adopted by the CRC.

3. Committee Membership

- a. The CRC shall be comprised of at least three (3) independent directors, appointed to the Committee by the Board of Directors.
- b. The Board of Directors shall appoint a Chairman for the Committee, who shall be an independent Board Member.
- c. The Company Secretary (or his/her designate) shall be the Secretary of the Committee.

4. Authorities

The CRC is hereby authorized to:

- a. Seek any information the Committee may require from members of staff (all of whom shall comply with the Committee's request) or external parties.
- b. Have unrestricted access to all information and records of the business relevant to the Committee's responsibilities.
- c. Obtain external professional advice. In this regard, the Committee has the authority to approve the fees payable to such advisors and any other terms of engagement.
- d. Request the attendance of the Company's senior officers at meetings where appropriate.
- e. Conduct or authorize the conduct of an investigation within its area of responsibility.

5. Meetings

- a. At the start of the fiscal year, the Committee shall approve an annual calendar of meetings.
- b. The Committee shall meet at least twice per year or more frequently as circumstances may dictate.
- c. Meetings of the Committee may be called by the Chairman or any two members of the Committee.
- d. A quorum of the Committee shall be at least two (2) independent directors.
- e. The Committee Chairperson may from time to time invite other members of the Board to attend the meeting, as may be required.

6. Reporting Requirements

- a. The Committee Chairperson shall provide updates on the Committee's activities and any significant issues, actions or decisions taken by the Committee to the Board of Directors.
- b. At least once per year, the Committee shall provide a written report to the Board of Directors setting out the following:
 - i. Securities that have been issued by Key or by its Related Party;

- ii. Securities that have been held in trust or estate by Key as a fiduciary during its immediately preceding financial year;
- iii. Any approvals given or denied pursuant to regulation 82(5);
- iv. Confirmation that the Company has complied with the requirements of Part VIII of the Insurance Regulations.
- v. Set out an updated record on all Related Parties and a record of any transaction that it approved or did not approve in the immediate preceding financial year.

Addendum

“Related Party” means a person who-

- (1)(a) is a director or officer of the insurance company or any of its affiliate;
- (b) is an employee of the insurance company or its affiliate and is a member of a prescribed class of employees;
- (c) owns directly 10% or more of the non-voting shares in the entity, not counting any non-equity shares in the case of a credit union;
- (d) owns or controls, directly or indirectly, 10% or more of any class of voting shares in the company or in its affiliate, but is not an affiliate of the company;
- (e) is an affiliate of the company and-
 - (i) is not a wholly owned subsidiary corporation of the company; and
 - (ii) is not an insurance company or extra-territorial corporation that is a holding company that wholly owns the insurance business;
- (f) is a corporation in which the insurance business or its affiliate owns or controls, directly or indirectly, 10% or more of any class of voting shares;
- (g) owns or controls, directly or indirectly, a 10% or greater interest in a joint venture in which the insurance business or its affiliate also owns or controls, directly or indirectly, a 10% or greater interest;
- (h) owns or controls, directly or indirectly, a 10% or greater interest in a partnership in which the entity or its affiliate also owns or controls, directly or indirectly, a 10% or greater interest;
- (i) is a sole practitioner who is an auditor of the insurance company;
- (j) is actively engaged in auditing the insurance company and is a partner in a partnership that is an auditor of the insurance company;
- (k) is a director, officer or member of a prescribed class of employees of a corporation that is a related party under sub-paragraph (c) or (d);
- (l) is a spouse of an individual who is a related party under sub-paragraph (a), (b), (c) or (d) and occupies the same home as that person;
- (m) is a relative or an individual or the spouse of an individual who is a related party under sub-paragraph (a), (b), (c) or (d), and occupies the same home as that person;
- (n) is a corporation in which a person who is a related party under any of sub-paragraphs (a) to (h) and (k) to (m) or under paragraph (2) has or controls, directly or indirectly, more than 50% of the votes that are attached to the outstanding voting shares of the corporation and that may be cast in the election of the directors.

(2) A related party includes an individual who, having been a related party under sub-paragraph (1) (a), (b), (c), (d) or (e) of an insurance business ceases to be one under that paragraph, nevertheless continues for the purposes of this Part to be a related party of the insurance business for the twelve months commencing on the date the individual ceases to be a related party under sub-paragraph (1).

“Securities” means –

- (a) Debentures, stocks or bond issued or proposed to be issued by a government;
- (b) Debentures, stocks, shares and bonds or promissory notes issued or proposed to be issued by a company or unincorporated body;
- (c) Documents or writings commonly known as securities;
- (d) Rights in, or options in respect of, a derivative;
- (e) Certificates of interest or participation in any profit sharing agreement;
- (f) Collateral trust certificates, pre-organization certificates, or subscriptions, transferable shares, investment contracts, voting trust certificates or certificates of deposits for securities;
- (g) Any document constituting evidence of an interest in a scholarship or educational plan or a trust, other than a private plan or trust not offered to the public as an investment or;
- (h) Any right, interest or instrument designated by the Commission by order made with the approval of the Minister and published in the Gazette;

But, subject to section 35A, does not include-

- a) Bills of exchange;
- b) Stocks or shares of private companies;
- c) Certificates of deposit issued by banks licensed under the Banking Act, by financial institutions licensed under the Financial Institutions Act, or by building societies licensed under the Building Societies Act;
- d) Securities issued by the Bank of Jamaica;
- e) Certificates of deposit issued pursuant to the carrying on of credit union business by a society registered under the Cooperative Societies Act;
- f) Any form of investment specified by the Commission, by order made with the approval of the Minister and published in the Gazette, to be excluded from the definition as a security in any case where the Commission considers the exemption necessary having regard to the nature of the investment and the provisions of this Act,

So however, that nothing in paragraph (b) shall be construed as referring to stocks or shares issued in breach of a company’s memorandum or articles of association or articles of incorporation (as the case may be), or stocks of shares in a private company formed for the establishment of an investment fund.