

Terms of Reference

July 2007 | Terms of Reference

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The CII is the world's leading professional organisation for insurance and financial services. It maintains the professional, ethical and technical standards of the industry.

The CII works with corporate business to develop organisation wide solutions for ensuring ongoing competitive advantage through technical and professional competence of employees at every level.

Individually, qualified CII members commit to Continuous Professional Development (CPD) through enhancing their knowledge to maintain their professional standing. Its 90,000 members in 150 countries make up the largest professional body in the financial world.

As a society, we all rely on professionals to maintain accurate and relevant knowledge and to give appropriate and unprejudiced advice. The CII ensures that we can trust in the competence and conduct of insurance and financial services professionals the world over.

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Terms of Reference for the CII Council

As adopted by the Council of the CII on 11 April 2007
for implementation on 19 July 2007

The following words shall have the meanings shown:

“Council” shall mean the CII Council.

“Board” shall mean the CII Board.

1. Membership

- 1.1 The Council shall consist of such members and numbers of members who shall serve on Council for such period as set out in the Board Regulations.

2. Secretary:

- 2.1 The Head of Secretariat, or his nominee, shall act as the Secretary of the Council.

3. Quorum, Frequency and Notice of Meetings

- 3.1 The quorum, frequency and notice of meetings shall be as specified in the Board Regulations.

4. Minutes of Meetings

- 4.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Council, including details of those present and in attendance.
- 4.2 Minutes of meetings shall be circulated promptly to all members of the Council.

5. Aims and Responsibilities

The Council, as the representative body of the CII, has aims and responsibilities to:

- 5.1 Be the “intellectual engine” of the CII
- 5.2 Ensure that projects and initiatives are relevant, forward looking and together have a cohesion to deliver the CII’s vision
- 5.3 Help CII to maintain a proper balance in its programme
- 5.4 Provide the optimum relationship between “trusteeship/directorship” in their broadest senses (provided by a Board) and representation of the wider interests of the membership and the general public for whose benefit the CII exists
- 5.5 Be the conscience of the CII and be the forum in which the Board is held to account
- 5.6 Advise the Board on recommendations for the future direction of the Institute
- 5.7 Consider and endorse the resultant strategic direction and implementation plans and monitor progress

- 5.8 Have the time and space to debate the real issues
- 5.9 Strengthen the accountability by facilitating in formal debate and exchange of views on issues of strategic importance between different stakeholders
- 5.10 Enable decision makers to hear a wider range of views on policy issues

6. Appointments to the Board

- 6.1 Annually, and as required, appoint members of the Council, who are also local institute representatives, to serve on the Board subject to the procedure and process set out in the Board Regulations.

7. Annual Review

- 7.1 The Council shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Terms of Reference for the CII Board

As adopted by the Council of the CII on 11 April 2007
for implementation on 19 July 2007

The following words shall have the meanings shown:

“Board” shall mean the CII Board.

“Council” shall mean the CII Council.

“Committee” or “Committees” shall mean the various CII Board Committees.

1. Membership

- 1.1 The Board shall consist of such members and numbers of members who shall serve on the Board for such period as set out in the Bye-laws.

2. Secretary:

- 2.1 The Head of Secretariat, or his nominee, shall act as the Secretary of the Board.

3. Quorum, Frequency and Notice of Meetings

- 3.1 The quorum and notice of meetings shall be as specified in the Bye-laws.

4. Minutes of Meetings

- 4.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Board, including names of those present and in attendance.
- 4.2 Minutes of meetings shall be circulated promptly to all members of the Board.

5. Schedule of Matters reserved for the Board

- 5.1 No matter how effective the Board may be, it is not possible for the Board members to have hands on involvement in every area of the CII's business. It is, therefore, essential for the Board to delegate day to day responsibility to the executive management. That said, there are a number of matters which are required to be, or in the interests of the CII should only be, decided by the Board members as a whole. It is incumbent upon the Board to make it clear what these Matters Reserved for the Board are. The Combined Code states that “There should be a formal schedule of matters specifically reserved for the Board's decision” and that the annual report should contain a “high level statement of which types of decisions are to be taken by the Board and which are to be delegated to management.”
- 5.2 The Combined Code also states that “The Board's role is to provide entrepreneurial leadership of the company [CII] within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board should set the company's [CII's] strategic aims, ensure that the necessary financial and human resources are in place for the company [CII] to meet its objectives and review management performance. The Board should set the company's [CII's] values and standards and ensure that its obligations to its shareholders [stakeholders in the CII sense] and others are understood and met.”

5.3 Certain of the matters included in this schedule should, under the provisions of the Combined Code, be the subject of recommendations by the Audit, Nominations or Remuneration committees. However, full delegation is not normally permitted in these cases as the final decision on the matter is required to be taken by the whole Board.

5.4 Items marked * are not considered suitable for delegation to a committee.

5.5 Strategy and Management

5.5.1 Responsibility for the overall management of the CII.

5.5.2 Approval of the CII's long term objectives, including membership, educational and commercial strategy.

5.5.3 Approval of the annual operating and expenditure budgets and any material changes to them.

5.5.4 Oversight of the CII's operations ensuring:

5.5.4.1 competent and prudent management

5.5.4.2 sound planning

5.5.4.3 an adequate system of internal control

5.5.4.4 adequate accounting and other records

5.5.4.5 compliance with statutory and regulatory obligations.

5.5.5 Review of performance in the light of the CII's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.

5.5.6 Extension of the CII's activities into new business or geographic areas.

5.5.7 Any decision to cease to operate all or any material part of the CII's business.

5.6 Financial Reporting and Controls (following review by the Audit Committee)

5.6.1 * Approval of the annual report and accounts, including the corporate governance statement and remuneration report.

5.6.2 * Approval of any significant changes in accounting policies or practices.

5.6.3 Approval of treasury policies including foreign currency exposure and the use of financial derivatives.

5.7 Internal Controls

5.7.1 Ensuring maintenance of a sound system of internal control and risk management including:

5.7.2 receiving reports on, and reviewing the effectiveness of, the CII's risk and control processes to support its strategy and objectives

5.7.3 undertaking an annual assessment of these processes

5.7.4 approving an appropriate statement for inclusion in the annual report.

5.8 Contracts

- 5.8.1 Major transactions.
- 5.8.2 Contracts which are material strategically or by reason of size, entered into by the CII or any subsidiary in the ordinary course of business, for example bank borrowings above £1 million and acquisitions or disposals of fixed assets above £1 million.
- 5.8.3 Contracts of the CII or any subsidiary not in the ordinary course of business, for example loans and repayments above £1 million; foreign currency transactions above £1 million; major acquisitions or disposals above £1 million.
- 5.8.4 Major investments.

5.9 Communication

- 5.9.1 Approval of resolutions and corresponding documentation to be put forward to members at a general meeting.
- 5.9.2 * Approval of press releases concerning matters decided by the Board.

5.10 Board Membership and other Appointments (in consultation with the Nominations Committee)

- 5.10.1 * Changes to the structure, size and composition of the Board,
- 5.10.2 * Ensuring adequate succession planning for the Board and senior management.
- 5.10.3 * Appointments to the Board,
- 5.10.4 * Selection of the President and the Chief Executive.
- 5.10.5 * Membership and Chairmanship of Board committees.
- 5.10.6 * Continuation in office of Board members at the end of their term of office, when they are due to be re-elected by members at the AGM and otherwise as appropriate.
- 5.10.7 * Continuation in office of any Board member at any time, including the suspension or termination of service of a Board member of the CII, subject to the law and their service contract.
- 5.10.8 * Appointment or removal of the Head of Secretariat.
- 5.10.9 * Appointment or removal of the Finance Director.
- 5.10.10 * Appointment, reappointment or removal of the external auditor to be put to members for approval, following the recommendation of the audit committee.
- 5.10.11 Appointments to Boards of subsidiaries.

5.11 Remuneration (in consultation with the Remuneration Committee)

- 5.11.1 * Determining the remuneration policy for the Chief Executive and the Finance Director.

5.12 Delegation of Authority

- 5.12.1 * The division of responsibilities between the President, and the Chief Executive which should be in writing.
- 5.12.2 * Approval of terms of reference of Board committees.
- 5.12.3 * Receiving reports from Board committees on their activities.

5.13 Corporate Governance Matters

- 5.13.1 * Undertaking a formal and rigorous review at least annually of its own performance, that of its committees and individual Board members.
- 5.13.2 * Determining the independence of Board members.
- 5.13.3 * Considering the balance of interests between members, employees, customers and the public at large.
- 5.13.4 * Receiving reports on the views of the CII's members.

5.14 Other

- 5.14.1 The making of political donations.
- 5.14.2 Approval of the appointment of the CII's principal professional advisers.
- 5.14.3 Prosecution, defence or settlement of litigation involving above £100,000 or being otherwise material to the interests of the CII.
- 5.14.4 Approval of the overall levels of insurance for the CII including Board members' & Officers' liability insurance and indemnification of Board members.
- 5.14.5 Major changes to the rules of the CII's pension scheme, or changes of trustees or, when this is subject to the approval of the CII, changes in the fund management arrangements.

6. Other Matters

- 6.1 Matters which the Board considers suitable for delegation are contained in the terms of reference of its Committees.
- 6.2 In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the CII.
- 6.3 The Board will consult or notify the Council, as appropriate, on all matters listed in the Board to Council Communication, appended to these terms of reference.

Board to Council Communication

The following gives an indication of the nature of items that will be discussed with or referred to Council by the Board:

Although all decisions concerning the government of the CII are required to be taken by the Board the Board has undertaken to consult with the Council on certain issues as detailed below. This list should be regarded as illustrative rather than exhaustive.

Consultation

In considering the following matters, the Board must consult with the Council:

- Changes to the structure and membership of the Representative Council
- Major long term borrowing
- Appointment of the Chairmen of Nominations Committee and the Remuneration Committee
- Appointment of Governing Board member to the Nominations Committee from those regionally elected
- Changes to the Charter, Bye-laws and Regulations
- Approval and withdrawal of approval of Local Institutes
- Changes to the list of Regional Constituencies
- Local Institute grants

Notification

When considering the following matters, the Board must advise the Council:

- Applications to Privy Council
- Approval and withdrawal of approval of Associated and Affiliated Institutes
- The inauguration or standing down of Committees
- Fixing Member subscriptions
- Appointments to Committees (other than Nominations and Remuneration)
- Service Agreements for Board members (where applicable)
- Financial Statements

Terms of Reference for the Nominations Committee

As adopted by the Council of the CII on 11 April 2007
for implementation on 19 July 2007

The following words shall have the meanings shown:

“Committee” shall mean the Nominations Committee.

“Council” shall mean the CII Representative Council.

“Board” shall mean the CII Governing Board

“Member” or “members” includes members of Council, the Board and Committees

1. Membership

1.1 Members of the Committee shall be:

- 1.1.1 An independent Chairman (ie not on any other committee, Council or the Board) to be recruited, through a Nolan compliant procedure in accordance with section 12 below.
 - 1.1.2 The President of the Institute
 - 1.1.3 The Deputy President (President Designate) of the Institute
 - 1.1.4 A Council Member who is also a LI regionally elected Board Member
- 1.2 Only members of the Committee have the right to attend Committee meetings. Other individuals may be invited to attend for all or part of any meeting, as and when appropriate.
 - 1.3 In the absence of the Committee Chairman, the remaining members present shall elect one of their number to chair the meeting.
 - 1.4 Appointments to the Committee in respect of 1.1.1 and 1.1.4 shall be for a term of up to three years, which may be extended, subject to Board approval, for one further three-year term provided the member remains eligible throughout that period. In the case of the Independent Chairman, renewal of a second term of three years will require the approval of the members at the Annual General Meeting.
 - 1.5 The Board may appoint an Independent Chairman at any time during the Institute year. The appointment, however, will be subject to ratification by the members at the next following Annual General Meeting.

2. Secretary

- 2.1 The Head of Secretariat, or his nominee, shall act as the Secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be three members.
- 3.2 A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by, the Committee.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.
- 4.2 If any member of the Committee fails to attend three consecutive meetings, without good cause, they may be removed from the Committee by the Chairman, subject to Board approval.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.
- 5.2 Unless otherwise agreed, notice of each meeting, confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than ten working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to members of the Board, unless a conflict of interest exists.

7. Annual General Meeting

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any questions on the Committee's activities.

8. Duties

8.1 The Committee shall, in respect of nominations:

- 8.1.1 give full consideration to succession planning for such members of the Board as are appointed by the Board itself, taking into account the challenges and opportunities facing the CII, and what skills and expertise are therefore needed in the future;
- 8.1.2 be responsible for identifying and nominating for the approval of the Board, candidates to fill vacancies on the Board and committees as and when they arise;
- 8.1.3 in identifying suitable candidates:
 - 8.1.3.1. receive recommendations or suggestions for consideration from any source including the Board, Council and other Committees;
 - 8.1.3.2. use open advertising or the services of external advisers to facilitate the search where appropriate;
 - 8.1.3.3. consider candidates from a wide range of backgrounds; and
 - 8.1.3.4. consider candidates on merit and against objective, competency based criteria, taking care that appointees have enough time available to devote to the position;

- 8.1.4 When considering the appointment of the Chief Executive and committee chairmen, the Committee should ensure that, as well as requesting nominations, it also utilises open advertising and/or the services of external advisers to identify suitable candidates.
- 8.1.5 The selection process for these positions should include an assessment of suitable candidates conducted by a panel of at least three members of the Committee plus, where appropriate, the outgoing chairman.
- 8.1.6 Ensure that, on appointment, committee appointees receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement.

8.2 The Committee shall also:

- 8.2.1 make recommendations to the Board concerning formulating plans for succession for Council members and, in particular, for the key roles of President and Chief Executive;
- 8.2.2 make recommendations to the Board concerning Chairmanship of the various Board Committees;
- 8.2.3 make recommendations to the Honorary Fellowship Assessment Board concerning candidates for Honorary Fellowship of the CII; and
- 8.2.4 make recommendations to the Board concerning candidates for nominations for New Year and Queen's Honours and oversee the submission of nominations to HM Government.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings once per year on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

10. Other

- 10.1 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

- 11.1 The Committee is authorised to seek any information it requires from any employee of the CII in order to perform its duties.
- 11.2 The Committee is authorised to obtain, at the CII's expense, outside legal or other professional advice on any matters within its terms of reference.

12. Recruitment of Independent Chairman

- 12.1 The Independent Chairman will be recruited through external advertising using such consultants as may be deemed appropriate. The candidate will comply with such competency criteria as the Board may deem appropriate and will be appointed by the Board.
- 12.2 An Initial review of candidates for short-listing will be undertaken by a sub committee of the Board comprised as follows:
 - 12.2.1 President (who may consult with the Chief Executive as necessary)
 - 12.2.2 Deputy President
 - 12.2.3 Immediate Past President
 - 12.2.4 3 LI regionally elected members of the Board.

The final interview will be undertaken by the President and one Board member from those regionally elected by LI's. Other members may be requested to participate as the President sees fit.

Terms of Reference for the Remuneration Committee

As adopted by the Council of the CII on 11 April 2007
for implementation on 19 July 2007

The following words shall have the meanings shown:

“Committee” shall mean the Remuneration Committee.

“Council” shall mean the CII Representative Council.

“Board” shall mean the CII Governing Board

“Member” or “members” includes members of Council, the Board and Committees

1. Membership

1.1 Members of the Committee shall be:

1.1.1 The Chairman will be appointed by the Board from the Employer members on the Board

1.1.2 The President of the Institute

1.1.3 The Deputy President (President Designate) of the Institute

1.2 The Chairman of the Committee shall be a member of Council.

1.3 Only members of the Committee have the right to attend Committee meetings. Other individuals may be invited to attend for all or part of any meeting, as and when appropriate.

1.4 In the absence of the Committee Chairman, the remaining members present shall agree between themselves who is to chair the meeting.

1.5 Appointments to the Committee in respect of 1.1.1 shall be for a term of up to three years, which may be extended, subject to Board approval, for one further three-year term provided the member remains eligible throughout that period.

2. Secretary

2.1 The Head of Secretariat, or his nominee, shall act as the Secretary of the Committee.

3. Quorum

3.1 The quorum necessary for the transaction of business shall be two members.

3.2 A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by, the Committee.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.
- 4.2 If any member of the Committee fails to attend three consecutive meetings, without good cause, they may be removed from the Committee by the Chairman in consultation with the Board.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.
- 5.2 Unless otherwise agreed, notice of each meeting, confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than ten working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to members of the Board, unless a conflict of interest exists.

7. Annual General Meeting

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any questions on the Committee's activities.

8. Duties

- 8.1 The Committee shall, in respect of remuneration, make recommendations to the Board on the following matters:
 - 8.1.1 the framework or broad policy for the remuneration of the executive members of the Board and, as applicable, Chairmen and members of other committees. No Board or Committee member, nor CII employee shall be involved in any decisions as to their own remuneration;
 - 8.1.2 review the ongoing appropriateness and relevance of the remuneration policy;
 - 8.1.3 approve the design of, and agree targets for, any performance related pay schemes operated by the CII and approve the total annual payments made under such schemes;
 - 8.1.4 in consultation with the Chief Executive, review the basis for incentive and bonus payments against appropriate criteria;
 - 8.1.5 suggest the policy for, and scope of, pension arrangements for each executive member of the Board;
 - 8.1.6 review contractual terms on termination, and any payments made, are fair to the individual, and the CII, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

- 8.1.7 review and note annually the remuneration trends across the Financial Services sector;
- 8.1.8 monitor any changes in employee benefits structures throughout the CII;
- 8.1.9 recommend the selection criteria, selecting, appointing and setting the terms of reference for remuneration consultants who may advise the committee as appropriate;
- 8.1.10 recommend the remuneration package, including payment procedures and benefits of any kind, of the Chief Executive and the Finance Director.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings once per year on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed

10. Other

- 10.1 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

- 11.1 The Committee is authorised to seek any information it requires from any employee of the CII in order to perform its duties.
- 11.2 The Committee is authorised to obtain, at the CII's expense, outside legal or other professional advice on any matters within its terms of reference.

Terms of Reference for the Professional Standards Board

As adopted by the Council of the CII on 11 April 2007
for implementation on 19 July 2007

Definitions:

The following words shall have the meanings shown:

“PSB” shall mean the Professional Standards Board.

“Committee” shall mean the Professional Standards Board.

“Council” shall mean the CII Council.

“Board” shall mean the CII Board.

1. Membership:

- 1.1. The Committee shall consist of up to 12 members appointed by the Board on the recommendation of the Nominations Committee including:
 - 1.1.1. An independent Chairman (ie not on any other committee, Council or the Board)
 - 1.1.2. Ex-officio:
 - 1.1.2.1. The Chief Executive
 - 1.1.2.2. The Deputy Director General
 - 1.1.2.3. The CII President
 - 1.1.3. Up to 8 industry or consumer representatives. Where such appointees are members of the Institute, they shall be chartered title holders.
- 1.2. At least one third of the Committee members should be chartered title holders.
- 1.3. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.4. Only members of the Committee have the right to attend meetings of the Committee on a regular basis. Other individuals may be invited to attend all or part of any meeting by the Chairman as and when appropriate.
- 1.5. Appointments to the Committee shall be for a term of up to three years, which may be extended for one further three year term, provided the member remains eligible throughout that period.

2. Secretary:

- 2.1. The Head of Secretariat, or his nominee, shall act as the Secretary of the Committee.

3. Quorum:

- 3.1. The quorum necessary for the transaction of business shall be one third of the total number on the Committee, or three members, whichever is the greater.
- 3.2. A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by, the Committee.
- 3.3. The Committee may act notwithstanding any casual or other vacancy among its number.

4. Frequency of Meetings:

- 4.1. The Committee shall meet at least three times each year and otherwise as required by the Chairman.
- 4.2. If any Committee member does not attend 3 consecutive meetings without good cause, they may be removed from the Committee by the Chairman in consultation with the Board.

5. Notice of Meetings:

- 5.1. Meetings of the Committee, other than those regularly scheduled as above, shall be summoned by the Secretary of the Committee at the request of the Chairman.
- 5.2. Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, and any other person required to attend, no later than 5 working days before the date of the meeting.

6. Minutes of Meetings:

- 6.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to the Board. Copies of the minutes, once agreed, shall be posted on the CII website.

7. Duties:

- 7.1. To develop appropriate policy and standards for CII Members, including:
 - 7.1.1. professional conduct and trust (including professional complaints and disciplinary procedures),
 - 7.1.2. ethical conduct,
 - 7.1.3. competence.
- 7.2. To develop appropriate policy and standards for CII Institute Governance, including:
 - 7.2.1. accountability,
 - 7.2.2. diversity,
 - 7.2.3. consumer representation,
 - 7.2.4. transparency.

- 7.3. To monitor and review the CII standards to maintain relevance and effectiveness.
- 7.4. To communicate the above standards to Members and CII committees to encourage the highest possible level of compliance.
- 7.5. To promote professionalism and the adoption of high standards within the Industry, with Government, with Regulators and, most importantly, to Consumers.
- 7.6. To oversee the following Committees which have direct reporting responsibilities to the Professional Standards Board:
 - 7.6.1. Examiners Committee
 - 7.6.2. Disciplinary Committee
 - 7.6.3. Appeals Committee
- 7.7. Any decisions shall be taken on the basis of a simple majority. The Chairman shall not have a casting vote.

8. Authority:

- 8.1. The Committee shall be responsible for conducting its own affairs but at all times shall act in accordance with the Charter and Bye-laws of the Chartered Insurance Institute.

9. Reporting Responsibilities:

- 9.1. The Committee Chairman shall report to the Board on the proceedings of the PSB since the previous meeting.
- 9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3. The Committee shall make a statement in the annual report about its activities.

10. Other:

- 10.1. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 10.2. The non-executive members of the committee shall be entitled to meet without the executive members being present to review and discuss its role and operation.
- 10.3. The Chairman shall attend Council meetings to advise Council members of the activities of the Committee.
- 10.4. The Committee is authorised to obtain, at the CII's expense, outside legal or other professional advice on any matters within its terms of reference.

Terms of Reference for the Audit Committee

As adopted by the Council of the CII on 11 April 2007
for implementation on 19 July 2007

The following words shall have the meanings shown:

“Committee” shall mean the Audit Committee.

“Council” shall mean the CII Council.

“Board” shall mean the CII Board.

1. Membership

- 1.1 The Board shall appoint the Committee Chairman on the recommendation of the Nominations Committee. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.2 Members of the Committee shall be appointed by the Board, on the recommendation of the Nominations Committee, in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least 3 but not more than 6 members.
- 1.3 At least one of the Committee members shall have recent and relevant financial experience. The Chairman of the Committee shall be a member of Council. The President, Deputy President, Treasurer, employees of the Institute and any person who works for a firm which provides the Institute with banking, insurance, financial, investment, audit or other professional services, may not be appointed a member of the Committee.
- 1.4 Notwithstanding 1.3 above, the President or the Deputy President, the Chief Executive and the Treasurer are expected to attend all Committee meetings to address any matters raised.
- 1.5 Only members of the Committee have the right to attend Committee meetings. Other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 1.6 The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 1.7 Appointments to the Committee shall be for a term of up to three years, which may be extended for one further three year term, provided the member remains eligible throughout that period.

2. Secretary

- 2.1 The Head of Secretariat, or his nominee, shall act as the Secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be 3 members.
- 3.2 A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by, the Committee.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least three times a year, at appropriate times in the reporting and audit cycle (see attached schedule), and otherwise as required.
- 4.2 If any member of the Committee fails to attend three consecutive meetings, without good cause, they may be removed from the Committee by the Chairman in consultation with the Board.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external auditors if they consider it necessary.
- 5.2 Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes or Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to the Board.

7. Annual General Meeting

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting and provide an annual report to Members. This will subsequently be posted on the CII website.

8. Duties

The Committee should carry out the duties below for the CII, subsidiary undertakings and the group as a whole, as appropriate.

8.1 Financial Reporting

- 8.1.1 The Committee shall monitor the integrity of the financial statements, including the annual and any interim reports.
- 8.1.2 The Committee shall review and challenge where necessary:
 - 8.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the CII/group;
 - 8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 8.1.2.3 whether the CII has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

- 8.1.2.4 the clarity of disclosure in the financial reports and the context in which statements are made; and
- 8.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement, insofar as it relates to the audit and risk management.

8.2 Internal Controls and Risk Management Systems

The Committee shall:

- 8.2.1 keep under review the effectiveness of the internal controls and risk management systems;
- 8.2.2 agree the policy for authorising claims for expenses from the Director General and President and
- 8.2.3 review and approve the statements to be included in the annual report concerning internal controls and risk management.

8.3 Whistleblowing

The Committee shall review the arrangements for CII employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

8.4 External Audit

The Committee shall:

- 8.4.1 consider and make recommendations to the Board, to be put to Members for approval at the AGM, in relation to the appointment, re-appointment and removal of the external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 8.4.2 oversee the relationship with the external auditor including (but not limited to):
 - 8.4.2.1 approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - 8.4.2.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 8.4.2.3 assessing annually their independence and objectivity taking into account relevant [UK] professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - 8.4.2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the CII (other than in the ordinary course of business);

- 8.4.2.5 agreeing with the Board a policy on the employment of former employees of the auditor, then monitoring the implementation of this policy;
- 8.4.2.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the CII compared to the overall fee income of the firm, office and partner and other related requirements; and
- 8.4.2.7 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- 8.4.3 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 8.4.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 8.4.5 review the findings of the audit with the external auditor. This shall include but not be limited to, the following;
 - 8.4.5.1 a discussion of any major issues which arose during the audit,
 - 8.4.5.2 any accounting and audit judgements, and
 - 8.4.5.3 levels of errors identified during the audit.

The Committee shall also review the effectiveness of the audit.

- 8.4.6 review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.4.7 review the management letter and management's response to the auditor's findings and recommendations; and
- 8.4.8 develop and implement a policy on the supply of consultancy services or a material nature and especially non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

8.5 Value for Money

- 8.5.1 The Committee shall, at least annually, instigate an assessment of the value of membership to the individual members of the Institute.

8.6 Other Matters

The Committee shall:

- 8.6.1 have access to sufficient resources in order to carry out its duties, including access to the secretariat for assistance as required;
- 8.6.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

- 8.6.3 give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate;
- 8.6.4 note any significant pending legal actions against or by the Institute and to note any material breaches of compliance, regulations or legislation;
- 8.6.5 be available to advise the President, Council or the Board on any questions relating to the financial affairs of the Institute on which advice might be sought.

9. Authority

The Committee is authorised:

- 9.1 to seek any information it requires from any employee or officer of the CII in order to perform its duties;
- 9.2 to seek reports from such of the Institute's Committees as it requires
- 9.3 to obtain, at the CII's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 9.4 to call any employee or officer to be questioned at a meeting of the Committee as and when required.

10. Reporting Responsibilities

- 10.1 The Committee Chairman shall report to the Board on the proceedings of the Committee since the previous meeting.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall make a statement in the annual report about its activities.

11. Other

- 11.1 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Terms of Reference for the Examiners Committee

As adopted by the Council of the CII on 11 April 2007
for implementation on 19 July 2007

Definitions:

The following words shall have the meanings shown:

“Committee” shall mean the Examiners Committee.

“Council” shall mean the CII Council.

“Board” shall mean the CII Board

1. Membership:

- 1.1 The Committee shall consist of:
 - 1.1.1 Four members who are general insurance practitioners – drawn from London market, claims, broking and an underwriter. This reflects the CII faculty structure and faculties should be encouraged to nominate membership.
 - 1.1.2 Three members from the financial advice/long term savings and investment sector services arm – two drawn from active practitioners and one from product provider.
 - 1.1.3 One member from the mortgage faculty.
 - 1.1.4 Two external members from an educational background.
- 1.2 The Chairman and the Vice Chairman of the Committee shall be appointed by the Board on the recommendation of the Nominations Committee
- 1.3 The Chair/Vice Chair are to be alternated between general and life practitioners.
- 1.4 The Chairman of the Committee shall be a member of Council
- 1.5 In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.6 The other Committee members will be appointed by the Board, on the recommendation of the Nominations Committee, in consultation with the Committee Chairman.
- 1.7 Only members of the Committee have the right to attend meetings of the Committee on a regular basis. Other individuals may be invited to attend all or part of any meeting, by the Chairman as and when appropriate.
- 1.8 Appointments to the Committee shall be for a term of up to three years, which may be extended for one further three year term, provided the member remains eligible throughout that period.

2. Secretary:

- 2.1 The Head of Secretariat, or his nominee, shall act as the Secretary of the Committee.

3. Quorum:

- 3.1 The quorum necessary for the transaction of business shall be one third of the total number on the Committee, or three members, whichever is the greater.
- 3.2 A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by, the Committee.

4. Frequency of Meetings:

- 4.1 The Committee shall meet at least twice each year on dates to be agreed by the Chairman.
- 4.2 If any Committee member does not attend 3 consecutive meetings, without good cause, they may be removed from the Committee by the Chairman in consultation with the Board.

5. Notice of Meetings:

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Committee Chairman.
- 5.2 Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, and any other person required to attend, no later than 5 working days before the date of the meeting.

6. Minutes of Meetings:

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to the Professional Standards Board.

7. Duties:

- 7.1 Ensures that the specific requirements, as set out in the Board Regulations Section VII are met.
- 7.2 Ensures that the processes used within the examination area preserve the standard and integrity of examinations.
- 7.3 Agrees the standards which the examination team will adopt to moderate examinations papers and generate pass marks.
- 7.4 Works with the examination team in the development of new examination and assessment subjects that are relevant to the needs of the various markets. Approves the syllabus for all examinations.
- 7.5 Agrees the process by which credits will be awarded for the Institute's examinations as the route to the award of designations.

- 7.6 Agrees the process by which credits will be awarded for external examinations toward the Institute's designations and qualifications including accreditation by TAS. Deals with requests that fall outside this process and considers appeals.
- 7.7 Agrees the rules by which examinations will be conducted including standards to be set for invigilators.
- 7.8 Agrees fees to be paid to examiners.
- 7.9 Agrees credit values for both Institute and external examinations.

8. Authority:

- 8.1 To seek any information it requires from any employee of the CII in order to perform its duties;
- 8.2 To obtain, at the CII's expense, external legal or other professional advice on any matter within its terms of reference.

9. Reporting Responsibilities:

- 9.1 The Committee Chairman shall report to the Professional Standards Board on the proceedings of the Committee since the previous PSB meeting.
- 9.2 The Committee shall make whatever recommendations to PSB it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall make a statement in the annual report about its activities.

10. Other:

- 10.1 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to PSB for approval.
- 10.2 The members of the committee shall be entitled to meet without any members of the executive being present to review and discuss its role and operation.

Terms of Reference for the Disciplinary Committee

As adopted by the Council of the CII on 11 April 2007
for implementation on 19 July 2007

Definitions:

The following words shall have the meanings shown:

“Committee” shall mean the Disciplinary Committee.

“Council” shall mean the CII Council.

“Board” shall mean the CII Board.

“PSB” shall mean the Professional Standards Board.

1. Membership:

- 1.1. The Chairman shall be appointed by the Board on the recommendation of the Nominations Committee.
- 1.2. The Committee members shall be appointed by the Board on the recommendation of the Nominations Committee in consultation with the Committee Chairman.
- 1.3. At least one third of the Committee members should be lay members.
- 1.4. The Chairman of the Committee shall be a member of Council.
- 1.5. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.6. Only members of the Committee have the right to attend meetings of the Committee on a regular basis. Other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 1.7. Appointments to the Committee shall be for a term of up to three years, which may be extended for one further three year term, provided the member remains eligible throughout that period.

2. Secretary:

- 2.1. The Head of Secretariat, or his nominee, shall act as the Secretary of the Committee.

3. Quorum:

- 3.1. The quorum necessary for the transaction of business shall be one third of the total number on the Committee, or three members, whichever is the greater.
- 3.2. A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by, the Committee.

4. Frequency of Meetings:

- 4.1. The Committee shall meet at least three times each year and at such other times as the Chairman of the Committee shall require.
- 4.2. If any Committee member does not attend 3 consecutive meetings without good cause, they may be removed from the Committee by the Chairman in consultation with the Board.

5. Notice of Meetings:

- 5.1. Meetings of the Committee, other than those regularly scheduled as above, shall be summoned by the Secretary of the Committee at the request of the Chairman.
- 5.2. Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, and any other person required to attend, no later than 5 working days before the date of the meeting.

6. Minutes of Meetings:

- 6.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

7. Duties:

- 7.1. To consider Complaints made against Members.
- 7.2. To appoint a Panel from within the Committee membership to hear the Complaint.

8. Authority:

- 8.1. To consider any Complaint in accordance with the Disciplinary Committee Procedures as agreed from time to time.
- 8.2. To determine the validity of any Complaint.
- 8.3. Where the Complaint is upheld, to decide appropriate disciplinary action against a Respondent.

9. Reporting Responsibilities:

- 9.1. The Committee Chairman shall report to the PSB on the proceedings of the Committee since the previous meeting.
- 9.2. The Committee shall make whatever recommendations to PSB it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3. The Committee shall make a statement in the annual report about its activities.

10. Other:

- 10.1. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to PSB for approval.
- 10.2. The non-executive members of the committee shall be entitled to meet without the executive members being present to review and discuss its role and operation.

Terms of Reference for the Appeal Committee

As adopted by the Council of the CII on 11 April 2007
for implementation on 19 July 2007

Definitions:

The following words shall have the meanings shown:

“Committee” shall mean the Appeal Committee.

“Council” shall mean the CII Council.

“Board” shall mean the CII Board.

“PSB” shall mean the Professional Standards Board.

1. Membership:

- 1.1. The Chairman shall be appointed by the Board on the recommendation of the Nominations Committee.
- 1.2. The Committee members shall be appointed by the Board on the recommendation of the Nominations Committee in consultation with the Committee Chairman.
- 1.3. At least one third of the Committee members should be lay members and at least one third shall be legally qualified.
- 1.4. The Chairman of the Committee shall be a member of Council.
- 1.5. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.6. Only members of the Committee have the right to attend meetings of the Committee on a regular basis. Other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 1.7. Appointments to the Committee shall be for a term of up to three years, which may be extended for one further three year term, provided the member remains eligible throughout that period.

2. Secretary:

- 2.1. The Head of Secretariat, or his nominee, shall act as the Secretary of the Committee.

3. Quorum:

- 3.1. The quorum necessary for the transaction of business shall be one third of the total number on the Committee, or three members, whichever is the greater.
- 3.2. A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by, the Committee.

4. Frequency of Meetings:

- 4.1. The Committee shall meet at least twice each year and at such other times as the Chairman of the Committee shall require.
- 4.2. If any Committee member does not attend 3 consecutive meetings without good cause, they may be removed from the Committee by the Chairman in consultation with the Board.

5. Notice of Meetings:

- 5.1. Meetings of the Committee, other than those regularly scheduled as above, shall be summoned by the Secretary of the Committee at the request of the Chairman.
- 5.2. Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, and any other person required to attend, no later than 5 working days before the date of the meeting.

6. Minutes of Meetings:

- 6.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

7. Duties:

- 7.1. To consider Appeals lodged by Appellants against decisions of the Disciplinary Committee.
- 7.2. To appoint a Panel from within the Committee membership to hear the Appeal.
- 7.3. To act as a review or oversight body of the Disciplinary Committee.

8. Authority:

- 8.1. To consider any Appeals in accordance with the Appeal Committee Procedures as agreed from time to time.

9. Reporting Responsibilities:

- 9.1. The Committee Chairman shall report to the PSB on the proceedings of the Committee since the previous meeting.
- 9.2. The Committee shall make whatever recommendations to PSB it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3. The Committee shall make a statement in the annual report about its activities.

10. Other:

- 10.1. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to PSB for approval.
- 10.2. The non-executive members of the committee shall be entitled to meet without the executive members being present to review and discuss its role and operation.

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