



**TUNE INSURANCE MALAYSIA
BERHAD**

(COMPANY NO. 30686-K)

**TERMS OF REFERENCE FOR
RISK MANAGEMENT COMMITTEE**

As at 23 October 2018

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1. OBJECTIVES

The Risk Management Committee ("RMC" or "the Committee") is a Committee of the Board. The RMC is to support the Board of Directors of Tune Insurance Malaysia Berhad ("TPM" or "the Company") in meeting the expectations on risk management as set out by Bank Negara Malaysia ("BNM") and oversee the Management's activities in managing risks in credit, market, liquidity, operational, legal, and other risks and to ensure that the risk management process is in place and functioning effectively.

2. AUTHORITY

- (i) Authorized to ratify Risk Management policies, strategies and/or the Risk Management Framework; and
- (ii) Approve the necessary resources to enhance risk management capabilities and enable risk management functions to be effectively performed.

3. COMPOSITION OF MEMBERS

- (i) The RMC shall consist of not fewer than three (3) non-executive directors, the majority of whom should be independent.
- (ii) Members to the RMC shall be appointed by the Board of Directors based on recommendation by the Nomination Committee.
- (iii) The Board shall periodically review the term of office of the RMC members. The timing of the review is at the discretion of the Board. Notwithstanding this, the appointment automatically terminates when a member ceases to be a Director.
- (iv) If a member of the RMC resigns, dies or for any reason ceases to be a director with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

*MCCG-Practice 9.3
BNM CGP-12.3(a)&(b)*

4. THE CHAIRMAN

The members of the RMC shall elect a Chairman from among them with the proviso that the chairman so elected must be an independent non-executive director.

BNM CGP-12.3(c)

5. RESPONSIBILITIES

The RMC shall be:-

- (i) Formulate high-level risk management strategies in line with the strategic objectives of TPM;

- (ii) Oversee the development of ERM Strategies;
- (iii) Reviewing and recommending risk management framework, strategies, policies and risk tolerance/ appetite for the Board's approval;
- (iv) Provide direction and oversight to the Executive Management;
- (v) Reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
- (vi) Ensuring adequate infrastructure, resources and systems are in place for an effective risk management framework;
- (vii) Ensuring that the risk management process remains transparent and independent;
- (viii) Reviewing the reporting to the Board on measures taken to:-
 - (a) Identify and examine principal risks faced by the Company; and
 - (b) Implement appropriate systems and internal controls to manage these risks.
- (ix) Reviewing the adequacy and effectiveness of management's internal controls and risk management process.
- (x) Reviewing the implementation of risk management as set out in BNM's policy document on Risk Governance, Approaches to Regulating and Supervising Financial Group and Corporate Governance.
- (xi) Reviewing the effectiveness of the reporting structure for the overall business activities and risk management functions and the implementation of the appropriate system to manage various types of risks undertaken by the organisation.

MCCG-Practice 9.2

6. MEETINGS AND MINUTES OF THE COMMITTEE

- (i) The RMC shall hold regular meetings quarterly and such additional meetings as the Chairman shall decide in order to fulfil its duties.
- (ii) The quorum for all RMC's meetings shall be two (2) or two-third (1/3) whichever the higher must be in attendance.
- (iii) The RMC may invite any person and/or employee of the Company whom the Committee thinks fit and proper to attend its meeting to assist in its deliberations and resolutions of matters raised.
- (iv) The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to the Committee prior to each meeting.

- (v) Resolutions, proposals and matters tabled for approvals at the meeting of the Risk Management Committee shall be decided by a simple majority of the members present.
- (vi) The Company Secretary shall be entrusted to record all proceedings and minutes of the RMC's meeting. The Secretary shall be responsible for taking the minutes of meeting, keeping the minutes and to produce the minutes for inspection when necessary.
- (vii) Group Risk Management & Compliance's roles & responsibilities are that of an oversight function. This oversight function involves the providing of guidance and support to the subsidiary risk management team, to ensure alignment and consistent application and adoption of principles, and business philosophies are adhered to, within the entities of the Tune Protect Group.
- (viii) Group Risk Management to attend TPM RMC Meetings as an invitee.
 - To enable Group Risk Management participation at the subsidiary level;
 - To provide feedback & recommendations on risk-related issues, where relevant;
 - To enable Group Risk Management (summary) reporting to TPG RMC on TPM Risk-related issues.

7. REPORTING

The RMC will report a summary of significant matters and resolutions to the Board in every quarter.

8. RESOLUTIONS AND PROPOSALS BY CIRCULATION

The Committee is allowed to carry out its resolutions by way of circulation. A resolution in writing signed or approved by letter, electronic mail, telegram, telex or telexfax or other form of electronic communication by a simple majority of the Committee, shall be valid effectual as if it had been passed at a meeting of the Committee duly called and constituted.

All such resolutions shall be described as "Members' Written Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the minutes book.

9. MEETING USING COMMUNICATION TECHNOLOGY

The Committee may meet together for dispatch of business, adjourn, and otherwise regulate their meetings as they think fit by means of any communication technology by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a Committee to be in the physical presence in the meeting. The Committee participating in any such meeting shall be counted in the quorum for such meeting. All effective as a resolution passed at a meeting in person of the members duly convened and held.

10. ICAAP POLICY & PROCEDURES

The ICAAP policy and procedures that was approved in January 2018 describes the process to implement the ICAAP. The capital position of TIMB is reported via Quarterly and Annually via the RBC submission and the Quarterly Risk Management report to the Risk Management Committee (RMC). As a general insurer under the Financial Services Act 2012, TIMB must comply with the guidelines outlines by BNM. TIMB manages its capital adequacy position on a statutory basis in accordance to the Risk Based Capital Framework by BNM. TIMB objective is to maintain an adequate Individual Target Capital Level (ITCL) always as agreed by the Board of Directors.