

Company number: 76678

**THE COMPANIES ACT 2006**  
**COMPANY LIMITED BY GUARANTEE AND NOT HAVING**  
**A SHARE CAPITAL**

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**SPECIAL RESOLUTION**  
**OF**  
**MUNICIPAL MUTUAL INSURANCE, LIMITED**  
**(the "Company")**

(Passed on 11 October 2018)

At an ANNUAL GENERAL MEETING of the above named Company duly convened and held on 11 October 2018 the following Resolution was duly passed as a Special Resolution:-

That the proposed new Articles of Association of the Company as produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company (including those provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are treated as provisions of the Company's Articles of Association).



Chairman

FRIDAY



A23 \*A7GF4Y9M\* #264  
12/10/2018  
COMPANIES HOUSE

GH.

**ARTICLES OF ASSOCIATION  
OF  
MUNICIPAL MUTUAL INSURANCE, LIMITED**

As at 11 October 2018

**The Companies Act 2006**

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**COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL**

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**Articles of Association**  
**of**  
**MUNICIPAL MUTUAL INSURANCE,**  
**LIMITED**

(Adopted by Special Resolution passed on the 11<sup>th</sup> day of October 2018)

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**PART I**  
**(PARTICULAR PROVISIONS)**

**Votes of members**

1(A) (I) On a show of hands every member present in person or by proxy or, being a corporation, present by its representative shall have one vote only.

(II) Subject to articles 1(A)(III), (IV), (V) and (VI), on a poll every member present in person or by proxy or by its representative shall have one vote in respect of each membership right held by such member. Each member shall have one membership right in respect of its membership, if any, pursuant to article 4(a) or (b) or (c) or (d) and one membership right in respect of each successor membership, if any, held pursuant to article 4(e).

(III) On any poll demanded on a resolution to amend or delete article 74 or article 76 (including with reference to these two articles the meaning of the words "department" and "General Reserve Fund") or this sub-clause (III) every member present in person or by proxy or by its representative shall have one vote and an additional vote for each £100 of paid premium in the year ended on the 31st day of December immediately preceding the Meeting at which such poll is taken.

(IV) (a) Prior to the Termination Date, on any resolution to alter these articles by altering or deleting or (in the opinion of any firm of solicitors nominated by the chairperson which firm shall act as experts and not as arbitrators) affecting the operation of any of articles 1(A) (other than sub-clause (III)), 4, 5, 8, 10, 12, 13, 15, 16, 20, 22, 32, 34, 35, 37 and 47 (including with reference to these articles the meaning of the words "Controller", "Deputy

Scheme Administrator", "Levy Period", "Scheme", "Scheme Administrator" and "Termination Date"), the Scheme Administrator shall, if he or she is a member, be entitled on a poll to cast such number of votes as is equal to one half of the aggregate number of votes capable of being cast on such resolution by all the other members.

(b) Prior to the Levy Period, on any resolution:-

(i) that the company be wound up voluntarily pursuant to any of paragraphs (a), (b) and (c) of section 84(1) of the Insolvency Act 1986 or otherwise; or

(ii) that the company be wound up by the court pursuant to section 122(1)(a) of the Insolvency Act 1986 or otherwise

the Scheme Administrator shall, if he or she is a member, be entitled on a poll to cast such number of votes as is equal to one half of the aggregate number of votes capable of being cast on such resolution by all the other members.

(c) Throughout the Levy Period, on any resolution:-

(i) for the appointment or removal from office of any director whether under articles 32 or 34 or otherwise;

(ii) that the company be wound up voluntarily pursuant to any of paragraphs (a), (b) and (c) of section 84(1) of the Insolvency Act 1986 or otherwise; or

(iii) that the company be wound up by the court pursuant to section 122(1)(a) of the Insolvency Act 1986 or otherwise

the Scheme Administrator shall, if he or she is a member, be entitled on a poll to cast such number of votes as is equal to four times the aggregate number of votes capable of being cast on such resolution by all the other members.

(V) Notwithstanding any other provision of these articles, prior to the Levy Period no Controller of the company shall be appointed or removed without the prior written consent of the Policyholders Protection Board (which now forms part of the Financial Services Compensation Scheme) and, in order to ensure compliance with this article, the Scheme Administrator shall, if he or she is a member:-

(a) except where paragraph (b) below applies, on any resolution relating to the appointment or removal of any Controller of the company, be entitled on a poll to cast such number of votes as is equal to one half of the aggregate number of votes capable of being cast on such resolution by all the other members; and

(b) if any Controller has been appointed or removed in contravention of article 37(B), on any resolution for the appointment or removal from office

of any director whether under articles 32 or 34 or otherwise be entitled on a poll to cast such number of votes as is equal to four times the aggregate number of votes capable of being cast on such resolution by all the other members.

(VI) If for any period prior to the Termination Date:-

- (a) there shall be no Scheme Administrator; or
- (b) there shall be a Scheme Administrator but he or she shall not be a member; or
- (c) there shall be a Scheme Administrator who is a member but he or she is unable or unwilling to exercise his or her right to vote at a meeting

the Deputy Scheme Administrator, if he or she is a member, shall during such period be entitled to vote and cast the same, number of votes on a poll as the Scheme Administrator would have been entitled to cast had a Scheme Administrator who was a member attended and voted at the meeting at which the Deputy Scheme Administrator is present.

(VII) In the case of a joint membership the vote of the senior joint member who tenders a vote, whether in person or by proxy or by its representative, shall be accepted to the exclusion of the votes of the other joint members in respect of that joint membership; and for all purposes of these articles seniority shall be determined as agreed and set out in a written notice signed by all the joint members and served on the company at the office or failing such notification by the order in which the names of the joint members stand in the register of members which shall be in alphabetical order.

#### Number of directors

1(B) Unless otherwise determined by ordinary resolution of the company, the directors shall be not less than one nor more than eleven in number.

#### Directors' fees

1(C) Each of the directors shall be paid a fee at such rate as may from time to time be determined by the board provided that the aggregate of all fees so paid to directors in the year ending 31st December, 1993 and in each following year (excluding amounts payable under any other provision of these articles) shall not exceed the aggregate amount the directors were paid by the company and its subsidiaries in the year ending 31st December, 1992 or such higher amount as may from time to time be decided by ordinary resolution of the company.

#### Vacation of office by directors

1(D) Without prejudice to any of the provisions for disqualification of directors contained in these articles, the office of a director shall be vacated if, by notice in writing delivered to the office

or tendered at a meeting of the board, the director's resignation is requested by all of the other directors.

No entitlement of the Scheme Administrator and Deputy Scheme Administrator to participate in surplus assets

1(E) Notwithstanding any other provision of these articles, neither the Scheme Administrator nor the Deputy Scheme Administrator shall be entitled to participate in any distribution of surplus assets on any winding up of the company.

## PART II

### (GENERAL PROVISIONS)

#### INTERPRETATION

##### Exclusion of Table A. definitions and interpretation

2. (A) No regulations set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute, concerning companies shall apply as the regulations or articles of the company.

(B) In these articles unless the context otherwise requires words importing the singular include the plural, and vice versa, and words importing persons include corporations, and corporations shall be deemed to include local authorities, public commissioners, charity trustees, charitable institutions, and other public bodies and authorities by co-operation, and other similar bodies now or hereafter to be established, and the following expressions and words shall have the following meanings, viz:-

"these articles" means these articles of association as altered from time to time by special resolution and the expression "this article" shall be construed accordingly;

"the auditors" means the auditors for the time being of the company or, in the case of joint auditors, any one of them;

"the board" means the board of directors from time to time of the company or the directors present at a meeting of the directors at which a quorum is present;

"clear days" in relation to the period of a notice means that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect;

"the Companies Acts" means every statute (including any orders regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the company;

"Controller" means a Controller as defined in the Scheme;

"Current Contract of Insurance" means a contract of insurance written by the company in respect of which the period of insurance has not expired;

"the Deputy Scheme Administrator" means the person holding office as such for the purposes of the Scheme;

"the Employers' Liability Department" means the separate department established by the company as hereinafter mentioned for carrying on Employers' Liability insurance business;

"Employers' Liability Insurance" means any employers' liability insurance policies issued or entered into by the company or in respect of which the company is otherwise liable;

"the Fire Department" means the separate department established by the company as hereinafter mentioned for carrying on Fire Insurance business;

"Fire Insurance" means any fire insurance policies issued or entered into by the company or in respect of which the company is otherwise liable, and the term shall be considered applicable, notwithstanding that such a policy insures against some other risks beyond fire;

"the Levy Period" means the Levy Period as defined in the Scheme;

"member" means a member of the company as defined in article 4;

"the Miscellaneous Department" means the separate department established as hereinafter mentioned for carrying on all classes of insurance business for the time being carried on by the Company other than Fire Insurance, Life Assurance (within the meaning of the Insurance Companies Act 1982), Motor Vehicle Insurance and Employers' Liability Insurance business;

"the Motor Vehicle Department" means the separate department established by the company as hereinafter mentioned for continuing or carrying on Motor Vehicle Insurance business;

"Motor Vehicle Insurance" means any motor vehicle insurance policies issued or entered into by the company or in respect of which the company is otherwise liable, and the term shall include insurance against personal accidents, damage, loss by fire and theft and public liability;

"the office" means the registered office of the company;

"the register" means the register of members of the company;

"Scheme" means the scheme of arrangement set out in the document despatched to certain creditors of the company on 15th November, 1993 with such modifications or additions and subject to such terms of conditions as the court on any hearing of the petition to sanction the Scheme may think fit to approve or impose;

"the Scheme Administrator" means the person holding office as such for the purposes of the Scheme;

"seal" means any common or official seal that the company may be permitted to have under the Companies Acts;

"the secretary" means the secretary, or (if there are joint secretaries) any one of the joint secretaries, of the company and includes an assistant or deputy secretary and any person appointed by the board to perform any of the duties of the secretary;



"the Termination Date" means the Termination Date as defined in the Scheme;

references to a document being executed include references to its being executed under hand or under seal or by any other method;

references to writing include references to any method of representing or reproducing words in a legible and non-transitory form;

words or expressions to which a particular meaning is given by the Companies Acts in force when these articles or any part of these articles are adopted bear the same meaning in these articles or that part (as the case may be) save that the word "company" shall include any body corporate; and

references to a meeting shall not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.

Headings and notes are included only for convenience and shall not affect meaning.

In the event of any conflict between part I and part II of these articles, part I shall prevail.

## **PRELIMINARY**

### Preliminary

3. The company's original business, namely that of Fire Insurance is carried on as a separate department of the company's business known as the "Fire Department" with separate funds and accounts. The Motor Vehicle Insurance business of the company is also carried on as a separate department known as "the Motor Vehicle Department" with separate funds and accounts. The Employers' Liability Insurance business is also carried on as a separate department known as the "Employers' Liability Department" with separate funds and accounts. All other branches of insurance business authorised to be and from time to time undertaken by the company shall in the first instance be carried on together as a single separate department to be known as "the Miscellaneous Department", also with separate funds and accounts, but the directors may at any time when they think fit establish further or other separate departments for carrying on any particular branches of insurance business being or about to be carried on by the company. All policies or contracts of insurance issued by the company shall state clearly on the face thereof out of which department of the company were issued such policies or contracts of insurance or the class of risk covered.

## MEMBERSHIP

### Definition

4. A person is a member if (and only if):-

- (a)
  - (i) that person is insured under a Current Contract of Insurance and was so insured on the 24th March, 1993; and
  - (ii) that person has agreed in writing to become a member of the company; or
- (b)
  - (i) that person was not insured under a Current Contract of Insurance on the 24th March, 1993; and
  - (ii) that person was a member of the company on 30th September, 1992; and
  - (iii) that person has agreed by notice in writing, in a form approved by the directors, to become a member of the company and that person has served the company at the office with such written notice before 31st May, 1993; or
- (c) that person has agreed by notice in writing, in a form approved by the directors, to remain or become (as the case may be) a member of the company and that person has served the company at the office with such written notice before, or within one month of, ceasing to be a member under article 4(a); or
- (d)
  - (i) that person is the Scheme Administrator or the Deputy Scheme Administrator; and
  - (ii) that person has served the company at the office with written notice that he or she agrees to become a member of the company; and/or
- (e) all the membership rights and liabilities of a member of the company (the "transferring member") have transferred to and vested in such person (either to the exclusion of or jointly with that member) pursuant to any statute, statutory instrument or other form of subordinate legislation relating to local government reorganisation or any agreement made thereunder (a "successor membership") provided that for the purposes of this article 4(e);
  - (i) the expression "such person" may include a number of persons jointly; and
  - (ii) the provisions of article 4(c) shall continue to apply to such person (in a case where the transferring member was a member by virtue of article 4(a)), notwithstanding the transfer and vesting of that member's membership rights and liabilities.

#### Termination of membership

5. Any person who is a member of the company by virtue of article 4(b), (c) or (d) and/or (e) shall remain a member unless and until that person terminates his or her membership of the company by serving the company at the office with written notice, in a form approved by the directors, of that person's intention to terminate his or her membership, such notice to take effect one month after service thereof on the company. A transferring member shall, save where he becomes a joint member by virtue of article 4(e), cease to be a member with effect from the date of the relevant transfer and vesting, as referred to in article 4(e). Termination of membership under article 5 or cessation of membership as a result of a failure to give notice as required by article 4(c) shall be without prejudice to any claims the company may have against the relevant person.

### **GENERAL MEETINGS**

#### Extraordinary general meetings

6. Any general meeting of the company other than an annual general meeting shall be called an extraordinary general meeting.

#### Annual general meetings

7. The board shall convene and the company shall hold a general meeting as an annual general meeting in each period of 6 months beginning with the day following the company's accounting reference date.

#### Calling of extraordinary general meetings

8. (A) The board may convene an extraordinary general meeting whenever it thinks fit.
- (B) (i) Save as provided in articles 8(B)(ii) or (iii), the board shall upon a requisition made in writing by members of the company representing not less than one-tenth of the total voting rights of all the members having at the date of deposit of the requisition a right to vote at a general meeting forthwith proceed duly to convene an extraordinary general meeting in accordance with the Companies Acts.
- (ii) Prior to the Levy Period, the board shall upon a requisition made in writing by the Scheme Administrator, if he or she is a member, or by the Deputy Scheme Administrator, if he or she is a member, for a meeting to be convened to consider a resolution falling within the provisions of article 1(A)(V)(b) forthwith proceed duly to convene an extraordinary general meeting in accordance with the Companies Acts.
- (iii) Throughout the Levy Period, the board shall upon a requisition made in writing by the Scheme Administrator, if he or she is a member, or by the Deputy Scheme Administrator, if he or she is a member, for a meeting to be convened to consider a resolution falling within the provisions of article 1(A)(IV)(c) forthwith proceed duly to convene an extraordinary general meeting in accordance with the Companies Acts.

## NOTICE OF GENERAL MEETINGS

### Length of notice

9. An annual general meeting and an extraordinary general meeting shall be called by not less than fourteen clear days' notice in writing. The notice shall specify the place, day and time of the meeting, and the general nature of the business to be transacted. Notice of every general meeting shall be given to all members other than any who, under the provisions of these articles are not entitled to receive such notices from the company, and also to the auditors or, if more than one, each of them.

Notwithstanding that a meeting of the company is called by shorter notice than that specified in this article, it shall be deemed to have been properly called if it is so agreed:-

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent of the total voting rights of all the members.

### Omission or non-receipt of notice

10. (A) Save as provided in article 10(B), the accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send an instrument of proxy to, or the non-receipt of either or both by, any person entitled to receive the notice shall not invalidate the proceedings at that meeting.

(B) Save as provided in article 10(C), the omission (accidental or otherwise) to give notice to the Scheme Administrator, if he or she is a member, and/or (as the case may be) the Deputy Scheme Administrator, if he or she is a member, of a general meeting convened to consider any resolution falling within the provisions of articles 1(A)(IV) or (V) or (in cases where instruments of proxy are sent out with the notice) the omission (accidental or otherwise) to send an instrument of proxy to such Scheme Administrator and/or (as the case may be) Deputy Scheme Administrator or the non-receipt of either or both such notice and instrument of proxy by such Scheme Administrator and/or (as the case may be) Deputy Scheme Administrator shall *invalidate proceedings at that meeting*.

(C) The Scheme Administrator or the Deputy Scheme Administrator may waive the provisions of article 10(B) by sending written notice of his or her intention to do so to the company secretary at the office.

### Postponement of General Meetings

11. If the board, in its absolute discretion, considers that it is impractical or undesirable for any reason to hold a general meeting on the date or at the time or place specified in the notice calling the general meeting, it may postpone or move the general meeting to another date, time and/or place. The board shall take reasonable steps to ensure that notice of the date, time and place of the rearranged meeting is given to any member trying to attend the meeting at the original

time and place. Notice of the business to be transacted at such rearranged meeting shall not be required. If a meeting is rearranged in this way, the appointment of a proxy will be valid if it is received as required by these articles not less than forty-eight hours before the time appointed for holding the rearranged meeting (subject to the requirements of article 28). The board may also postpone or move the rearranged meeting under this article.

## **PROCEEDINGS AT GENERAL MEETINGS**

### Quorum

12. (A) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairperson which shall not be treated as part of the business of the meeting.

- (B) (i) Save as otherwise provided by these articles, two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.
- (ii) Prior to the Termination Date, two members and, if either the Scheme Administrator or the Deputy Scheme Administrator is a member, at least one of whom is the Scheme Administrator or the Deputy Scheme Administrator, present in person or by proxy shall be a quorum at any general meeting at which any resolution falling within the provisions of article 1(A)(IV)(a) is proposed.
- (iii) Prior to the Levy Period, two members and, if either the Scheme Administrator or the Deputy Scheme Administrator is a member, at least one of whom is the Scheme Administrator or the Deputy Scheme Administrator, present in person or by proxy shall be a quorum at any general meeting at which any resolution falling within the provisions of article 1(A)(IV)(b) or article 1(A)(V) is proposed.
- (iv) Throughout the Levy Period, two members and, if either the Scheme Administrator or the Deputy Scheme Administrator is a member, at least one of whom is the Scheme Administrator or the Deputy Scheme Administrator, present in person or by proxy shall be a quorum at any general meeting at which any resolution falling within the provisions of article 1(A)(IV)(c) is proposed.
- (v) If, for any period prior to the Termination Date, either:-
  - (a) there shall be no Scheme Administrator or Deputy Scheme Administrator; or
  - (b) there shall be a Scheme Administrator or Deputy Scheme Administrator but there shall be neither a Scheme Administrator nor a Deputy Scheme Administrator who is a member

the quorum necessary for the transaction of business at any general meeting of the company shall during such period be no less than seventy five per cent. of the members entitled to attend, in person or by proxy, at the meeting.

- (vi) In the case of a joint membership the presence of the senior joint member, whether present in person or by proxy or by representative, shall be counted in the quorum to the exclusion of the presence of any other joint members in respect of that joint membership who are present in person, by proxy or by representative, only in relation to that joint membership.

#### Procedure if quorum not present

13. (A) If within five minutes (or such longer time not exceeding one hour as the chairperson of the meeting may decide to wait) after the time appointed for the commencement of the meeting a quorum is not present (or if during the meeting a quorum ceases to be present), the meeting shall stand adjourned to such other day (not being less than ten nor more than twenty-eight days later) and at such other time or place as the chairperson of the meeting may decide (the "Adjourned Meeting").

- (B) (i) Save as provided in article 13(B)(ii), one member present in person or by proxy shall be a quorum at an Adjourned Meeting.
- (ii) The Scheme Administrator, if he or she is a member, or the Deputy Scheme Administrator, if he or she is a member, present in person or by proxy shall be a quorum at an Adjourned Meeting at which any resolution falling within the provisions of articles 1(A)(IV) or (V) is proposed.

(C) The company shall give not less than seven clear days' notice in writing of an Adjourned Meeting and the notice shall state that:-

- (i) one member; or
- (ii) where any resolution falling within the provisions of articles 1(A)(IV) or (V) is to be proposed at the Adjourned Meeting, the Scheme Administrator, if he or she is a member, or the Deputy Scheme Administrator, if he or she is a member,

present in person or by proxy shall be a quorum.

#### Chairperson of general meeting

14. The chairperson (if any) of the board or, in that person's absence, the deputy chairperson (if any) shall preside as chairperson at every general meeting. If there is no chairperson or deputy chairperson, or if at any meeting neither the chairperson nor any deputy chairperson is present within five minutes after the time appointed for the commencement of the meeting, or if neither the chairperson nor any deputy chairperson is willing to act as chairperson, the directors present shall choose one of their number to act, or if one director only is present the director shall preside

as chairperson if willing to act. If no director is present, or if each of the directors present declines to take the chair, the persons present and entitled to vote shall appoint one of their number to be chairperson.

#### Directors' right to attend and speak

15. Each director shall be entitled to attend and speak at any general meeting of the company. The chairperson of the meeting may invite any person to attend and speak at any general meeting of the company where he considers that this will assist in the deliberations of the meeting.

#### Adjournments

16. (A) The chairperson may at any time without the consent of the meeting adjourn any meeting (whether or not it has commenced or a quorum is present) to another time or place where it appears to the chairperson that (a) the members wishing to attend cannot be conveniently accommodated in the place appointed for the meeting (b) the conduct of persons present prevents or is likely to prevent the orderly continuation of business or (c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

(B) In addition, the chairperson may, subject to the provisions of article 16(C), at any time with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting to another time or place. No business shall be transacted at any adjourned meeting except business which might properly have been transacted at the meeting had the adjournment not taken place.

(C) No meeting convened to consider a resolution falling within the provisions of article 1(A)(IV)(c) or article 1(A)(V)(b) shall be adjourned pursuant to article 16(B) without the prior consent of the Scheme Administrator, if he or she is a member, or the Deputy Scheme Administrator, if he or she is a member.

#### Notice of adjournment

17. When a meeting is adjourned for three months or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Except where these articles otherwise require, it shall not be necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.

#### Amendments to resolutions

18. In the case of a resolution duly proposed as a special resolution no amendment thereto (other than an amendment to correct a patent error) may be considered or voted upon and in the case of a resolution duly proposed as an ordinary resolution no amendment thereto (other than an amendment to correct a patent error) may be considered or voted upon unless either at least two working days prior to the date appointed for holding the meeting or adjourned meeting at which such ordinary resolution is to be proposed notice in writing of the terms of the amendment and intention to move the same has been received by the company or the chairperson of the meeting in his absolute discretion decides that it may be considered or voted upon. With the

consent of the chairperson of the meeting, an amendment may be withdrawn by its proposer before it is put to the vote.

#### Amendments ruled out of order

19. If an amendment shall be proposed to any resolution under consideration but shall be ruled out of order by the chairperson of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

### **VOTING**

#### Method of voting

20. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is properly demanded. Subject to the Companies Acts, a poll may be demanded by:-

- (a) the chairperson of the meeting; or
- (b) at least three members present in person or by proxy and entitled to vote on the resolution; or
- (c) any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all the members having the right to vote on the resolution; or
- (d) the Scheme Administrator, if he or she is a member, or the Deputy Scheme Administrator, if he or she is a member, on any resolution falling within the provisions of articles 1(A)(IV) or (V).

Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairperson that a resolution has been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

#### Procedure if poll demanded

21. If a poll is properly demanded it shall be taken in such manner as the chairperson shall direct and the chairperson may appoint scrutineers who need not be members. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

#### When poll to be taken

22. A poll demanded on the election of a chairperson, or on a question of adjournment, or by the Scheme Administrator, if he or she is a member, or by the Deputy Scheme Administrator, if he or she is a member, shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or on such date (being not later than thirty days after the date of the demand)



and at such time and place as the chairperson shall direct. It shall not be necessary (unless the chairperson otherwise directs) for notice to be given of a poll.

#### Continuance of other business after poll demand

23. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded, and it may be withdrawn with the consent of the chairperson at any time before the close of the meeting or the taking of the poll, whichever is the earlier, and in that event shall not invalidate the result of a show of hands declared before the demand was made.

#### Votes on a poll

24. On a poll, votes may be given either personally or by proxy.

#### Casting vote of chairperson

25. In the case of an equality of votes at a general meeting, whether on a show of hands or on a poll, the chairperson of the meeting shall be entitled to an additional or casting vote.

#### Objections or errors in voting

26. If:-

- (a) any objection shall be raised to the qualification of any voter; or
- (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
- (c) any votes are not counted which ought to have been counted,

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless it is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairperson of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairperson decides that the same may have affected the decision of the meeting. The decision of the chairperson on such matters shall be conclusive.

### **PROXIES**

#### Execution of proxies

27. An Instrument appointing a proxy shall be in writing executed by the appointor or the appointor's attorney authorised in writing or, if the appointor is a corporation, either executed

under its seal or executed by an officer, attorney or other person authorised to execute it. A proxy must be a member of the company.

#### Receipt of proxies

28. The instrument appointing a proxy and (if required by the board) any authority under which it is executed or a copy of the authority, certified notarially or in some other manner approved by the board, must be received by the office (or such other place in the United Kingdom as may be specified in the notice convening the meeting or in any notice of any adjournment of, in either case, in any accompanying document) not less than forty-eight hours (or such shorter time as the board may determine) before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken more than forty-eight hours after it was demanded, not less than twenty-four hours (or such shorter time as the board may determine) before the time appointed for the taking of the poll and an instrument of proxy which is not so received shall be invalid. The board may at its discretion determine that in calculating the periods mentioned in this article no account shall be taken of any part of a day that is not a working day (which shall, for the avoidance of doubt, include any Saturday, Sunday and any day in which banks in London are not generally open to business). When two or more valid but differing instruments of proxy are received in respect of the same member for use at the same meeting, the one which is last received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that member, if the company is unable to determine which was last received, none of them shall be treated as valid in respect of that member. Receipt of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting of poll concerned.

#### Maximum validity of proxy

29. No instrument appointing a proxy shall be valid after twelve months have elapsed from the date named in it as the date of its execution.

#### Form of proxy

30. Instruments of proxy shall be in any usual form or in such other form as the board may approve and the board may, if it thinks fit, but subject to the provisions of the Companies Acts, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, subject to article 29, unless the contrary is stated in it, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

#### Cancellation of proxy's authority

31. A vote given or poll demanded by a proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice in writing of the determination was received by the company at the office (or such other place in the United Kingdom as was specified for the receipt of instruments of proxy in the notice convening the meeting or other accompanying document) not later than the last time at which an instrument of proxy should have been received in order to

be valid for use at the meeting or on the holding of the poll at which the vote was given or the poll demanded.

## **APPOINTMENT AND REMOVAL OF DIRECTORS**

### Power of company to appoint directors

32. Subject to the provisions of these articles, the company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing board, but so that the total number of directors shall not at any time exceed any maximum number fixed by or in accordance with these articles.

### Power of board to appoint directors

33. Without prejudice to the power of the company in general meeting pursuant to any of the provisions of these articles to appoint any person to be a director, subject to the provisions of these articles the board may appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing board, but so that the total number of directors shall not at any time exceed any maximum number fixed by or in accordance with these articles. Any director so appointed shall hold office only until the next following annual general meeting.

### Power of removal by special resolution

34. In addition to any power of removal conferred by the Companies Acts but subject to the provisions of these articles, the company may by special resolution remove any director before the expiration of the director's period of office and may (subject to these articles) by ordinary resolution appoint another person who is willing to act to be a director in the removed director's place.

### Persons eligible as directors

35. No person shall be appointed or reappointed a director at any general meeting unless:-

- (a) that person is recommended by the board or by the Scheme Administrator, if he or she is a member, or by the Deputy Scheme Administrator, if he or she is a member; or
- (b) not less than thirty clear days before the day appointed for the meeting, notice executed by a member qualified to vote at the meeting (not being the person to be proposed) has been given to the secretary of the intention to propose that person for appointment or reappointment together with notice executed by that person of that person's willingness to be appointed or reappointed.

#### Vacation of office by directors

36. The office of a director shall be vacated if the director:-

- (a) resigns his or her office by notice in writing delivered to the office or tendered at a meeting of the board; or
- (b) is or has been suffering from mental ill health or becomes a patient for the purpose of any statute relating to mental health and the board resolves that the director's office is vacated; or
- (c) is absent without the permission of the board from meetings of the board for four consecutive months and the board resolves that the director's office is vacated; or
- (d) becomes bankrupt or compounds with his or her creditors generally; or
- (e) is prohibited by law from being a director; or
- (f) ceases to be a director by virtue of the Companies Acts or is removed from office pursuant to these articles.

#### Executive directors

37. (A) Subject to the provisions of article 37(B), the board or any committee authorised by the board may from time to time appoint one or more directors to hold any employment or executive office with the company (including that of a chief executive or managing director) for such period (subject to the provisions of the Companies Acts) and upon such other terms as the board or any committee authorised by the board may in its discretion decide and may revoke or terminate any appointment so made.

(B) Notwithstanding any other provision of these articles, prior to the Levy Period no Controller of the company shall be appointed or removed without the prior written consent of the Policyholders Protection Board (which now forms part of the Financial Services Compensation Scheme).

(C) Any revocation or termination of an appointment pursuant to article 37(A) shall be without prejudice to any claim for damages that the director may have against the company or the company may have against the director for any breach of any contract of service between the director and the company which may be involved in the revocation or termination.

(D) A director appointed pursuant to article 37(A) shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board or any committee authorised by the board may decide, and either in addition to or in lieu of that director's remuneration as a director.

## **ADDITIONAL REMUNERATION EXPENSES AND PENSIONS**

### Additional remuneration

38. Any director who, by request, goes or resides abroad for any purposes of the company or who performs services which in the opinion of the board go beyond the ordinary duties of a director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board or any committee authorised by the board may in its discretion decide in addition to any remuneration provided for by or pursuant to any other article.

### Expenses

39. Each director may be paid his or her reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the board or committees of the board or general meetings of the company or any other meeting which as a director he or she is entitled to attend and shall be paid all other costs and expenses properly and reasonably incurred by that director in the conduct of the company's business or in the discharge of that director's duties as a director. The company may also fund a director's expenditure for the purposes permitted under the Companies Acts and may do anything to enable a director to avoid incurring such expenditure as provided in the Companies Acts.

### Pensions and gratuities for directors

40. The board or any committee authorised by the board may exercise all the powers of the company to provide benefits, either by the payment of gratuities or pensions or by insurance or in any other manner whether similar to the foregoing or not, for any director or former director or the relations, connections or dependants of any director or former director provided that no benefits (except such as may be provided for by any other article) may be granted to or in respect of a director or former director who first became a director on or after 1st January, 1992 and who has not been employed by, or held an executive or other office or place of profit under, the company or any body corporate which is or has been its subsidiary or any predecessor in business of the company or any such body corporate without the approval of an ordinary resolution of the company. No director or former director shall be accountable to the company or the members for any benefit provided pursuant to this article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the company.

## **DIRECTORS' INTERESTS**

### Conflicts of interest requiring board authorisation

41. (A) The board may, subject to the quorum and voting requirements set out in this article, authorise any matter which would otherwise involve a director breaching his or her duty under the Companies Acts to avoid conflicts of interest ("Conflict").

(B) A director seeking authorisation in respect of a Conflict shall declare to the board the nature and extent of his or her interest in a Conflict as soon as is reasonably practicable. The director shall provide the board with such details of the relevant matter as are necessary for the

board to decide how to address the Conflict together with such additional information as may be requested by the board.

(C) Any director (including the relevant director) may propose that the relevant director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the board shall be effected in the same way that any other matter may be proposed to and resolved upon by the board under the provisions of these articles save that:

- (i) the relevant director and any other director with a similar interest shall not count towards the quorum nor vote on any resolution giving such authority; and
- (ii) the relevant director and any other director with a similar interest may, if the other members of the board so decide, be excluded from any board meeting while the Conflict is under consideration.

(D) Where the board gives authority in relation to a Conflict:

- (i) the board may (whether at the time of giving the authority or subsequently) (a) require that the relevant director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the board or otherwise) related to the Conflict; and (b) impose upon the relevant director such other terms for the purpose of dealing with the Conflict as it may determine;
- (ii) the relevant director will be obliged to conduct himself in accordance with any terms imposed by the board in relation to the Conflict;
- (iii) the board may provide that where the relevant director obtains (otherwise than through his or her position as a director of the company) information that is confidential to a third party, the director will not be obliged to disclose that information to the company, or to use or apply the information in relation to the company's affairs, where to do so would amount to a breach of that confidence;
- (iv) the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
- (v) the board may revoke or vary such authority at any time but this will not affect anything done by the relevant director prior to such revocation in accordance with the terms of such authority.

#### Other conflicts of interest

42. (A) If a director is in any way directly or indirectly interested in a proposed contract with the company or a contract that has been entered into by the company, he or she must declare the nature and extent of that interest to the directors in accordance with the Companies Acts.

(B) Provided a director has declared his or her interest in accordance with paragraph (A), a director may:

- (i) be party to, or otherwise interested in, any contract with the company or in which the company has a direct or indirect interest;
- (ii) hold any other office or place of profit with the company (except that of auditor) in conjunction with his office of director for such period and upon such terms, including as to remuneration, as the board may decide;
- (iii) act by himself or herself or through a firm with which he or she is associated in a professional capacity for the company or any other company in which the company may be interested (otherwise than as auditor); and
- (iv) be or become a director or other officer of, or employed by or a party to any transaction or arrangement with or otherwise be interested in any holding company or subsidiary company of the company or any company promoted by the company or any other company in which the company is otherwise interested.

#### Benefits

43. A director shall not, by reason of his or her office or of the fiduciary relationship thereby established, be liable to account to the company for any remuneration, profit or other benefit realised by reason of his or her having any type of interest authorised under article 41(A) or permitted under article 42(B) and no contract shall be liable to be avoided on the grounds of a director having any type of interest authorised under article 41(A) or permitted under article 42(B).

#### Quorum and voting requirements

44. (A) A director shall not vote on or be counted in the quorum in relation to any resolution of the board concerning his or her own appointment, or the settlement or variation of the terms or the termination of his or her own appointment, as the holder of any office or place of profit with the company or any other company in which the company is interested.

(B) Where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the termination of the appointment, of two or more directors to offices or places of profit with the company or any other company in which the company is interested, a separate resolution may be put in relation to each director and in that case each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his or her own appointment or the settlement or variation of the terms or the termination of his or her own appointment or the appointment of another director to an office

or place of profit with a company in which the company is interested and the director seeking to vote or be counted in the quorum has a Relevant Interest in it.

(C) A director shall not vote on, or be counted in the quorum in relation to, any resolution of the board in respect of any contract in which he or she has an interest and, if he or she shall do so, his or her vote shall not be counted, but this prohibition shall not apply to any resolution where that interest cannot reasonably be regarded as likely to give rise to a conflict of interest or where that interest arises only from one or more of the following matters:-

- (i) the giving to him or her of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or her or by any other person at the request of or for the benefit of the company or any of its subsidiary undertakings;
- (ii) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the company or any of its subsidiary undertakings for which he himself or she herself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) the giving to him or her of any other indemnity where all other directors are also being offered indemnities on substantially the same terms;
- (iv) the funding by the company of his or her expenditure on defending proceedings or the doing by the company of anything to enable him or her to avoid incurring such expenditure where all other directors are being offered substantially the same arrangements;
- (v) any contract in which he or she is interested by reason of any other interest in or through the company;
- (vi) any contract concerning any other company (not being a company in which the director has a Relevant Interest) in which he or she is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- (vii) any retirement benefits scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes;
- (viii) any contract for the benefit of employees of the company or of any of its subsidiary undertakings under which he or she benefits in a similar manner to the employees and which does not accord to any director as such any privilege or advantage not accorded to the employees to whom the contract relates; and
- (ix) any contract for the purchase or maintenance of insurance against any liability for, or for the benefit of, any director or directors or for, or for the benefit of, persons who include directors.



(D) A company shall be deemed to be one in which a director has a Relevant Interest if and so long as (but only if and so long as) he or she is to his or her knowledge (either directly or indirectly) the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of that company (calculated exclusive of any shares of that class in that company held as treasury shares) or of the voting rights available to members of that company.

(E) Where a company in which a director has a Relevant Interest is interested in a contract, he or she also shall be deemed interested in that contract.

(F) If any question shall arise at any meeting of the board as to the interest of a director (other than the chairperson of the meeting) in a contract and whether it is likely to give rise to a conflict of interest or as to the entitlement of any director (other than the chairperson of the meeting) to vote or be counted in the quorum and the question is not resolved by his or her voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question shall be referred to the chairperson of the meeting and his or her ruling in relation to the director concerned shall be conclusive except in a case where the nature or extent of the director's interest (so far as it is known to him or her) has not been fairly disclosed to the board. If any question shall arise in respect of the chairperson of the meeting, the question shall be decided by a resolution of the board (for which purpose the chairperson of the meeting shall be counted in the quorum but shall not vote on the matter) and the resolution shall be conclusive except in a case where the nature or extent of the interest of the chairperson of the meeting (so far as it is known to him or her) has not been fairly disclosed to the board.

(G) Subject to these articles, the board may also cause any voting power conferred by the shares in any other company held or owned by the company or any power of appointment to be exercised in such manner in all respects as it thinks fit, including the exercise of the voting power or power of appointment in favour of the appointment of the directors or any of them as directors or officers of the other company, or in favour of the payment of remuneration to the directors or officers of the other company. Subject to these articles, a director may also vote on and be counted in the quorum in relation to any of such matters.

#### General

45. (A) References in Articles 41 to 44 and in this article to

- (i) a contract include references to any proposed contract and to any transaction or arrangement or proposed transaction or arrangement whether or not constituting a contract; and
- (ii) a conflict of interest includes a conflict of interest and duty and a conflict of duties.

(B) The company may by ordinary resolution suspend or relax the provisions of Articles 41 to 44 to any extent or ratify any contract not properly authorised by reason of a contravention of any of the provisions of Articles 41 to 44.

## **POWERS AND DUTIES OF THE BOARD**

### General powers of company vested in board

46. Subject to the provisions of the Companies Acts, these articles and to any directions given by the company in general meeting by special resolution, the business of the company shall be managed by the board which may exercise all the powers of the company whether relating to the management of the business of the company or not. No alteration of these articles and no special resolution shall invalidate any prior act of the board which would have been valid if that alteration had not been made or that resolution had not been passed. The powers given by this article shall not be limited by any special power given to the board by any other article.

### Scheme of arrangement

47. Throughout the Levy Period:-

(a) the Scheme Administrator and the Deputy Scheme Administrator shall for the purposes of:-

- (i) managing the run-off of the company's business;
- (ii) holding and, in due course, realising the assets of the company and applying them for the benefit of creditors of the company in accordance with the Scheme and the terms on which they are held by the company; and
- (iii) supervising and ensuring the carrying out of the Scheme in relation to the company,

have the powers conferred upon them by the Scheme for those purposes; and

(b) any powers conferred upon the directors by these articles which could be exercised in such a way as to interfere with the exercise by the Scheme Administrator or the Deputy Scheme Administrator of his or her powers in relation to the company shall not be exercisable except with the consent of the Scheme Administrator or the Deputy Scheme Administrator (as the case may be), which consent may be given either generally or in relation to particular circumstances, provided that nothing in this article 47 shall relieve the directors from their duty to act in accordance with the Companies Acts.

### Powers of attorney

48. The board may, by power of attorney or otherwise, appoint any person to be the agent of the company upon such terms (including terms as to remuneration) as it may decide and may delegate to any person so appointed any of its powers, authorities and discretions (with power to sub-delegate). The board may remove any person appointed under this article and may revoke

or vary the delegation but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

#### Delegations to individual directors

49. Subject to the provisions of articles 1(A)(V) and 37(B), the board may entrust to and confer upon any director any of its powers, authorities and discretions (with power to sub-delegate) upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, authorities and discretions and may from time to time revoke or vary all or any of them but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

#### Provision for employees

50. The board may exercise any power conferred by the Companies Acts to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

### **PROCEEDINGS OF THE BOARD**

#### Board meetings

51. The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A director at any time may, and the secretary on the requisition of a director at any time shall, summon a board meeting.

#### Notice of board meetings

52. Notice of a board meeting shall be deemed to be properly given to a director if it is given to that director personally or by word of mouth or sent in writing to that director at his or her last known address or any other address given by that director to the company for this purpose. A director absent or intending to be absent from the United Kingdom may request the board that notices of board meetings shall during his or her absence be sent in writing to that director at an address given by him or her to the company for this purpose, but such notices need not be given any earlier than notices given to directors not so absent and if no request is made to the board it shall not be necessary to give notice of a board meeting to any director who is for the time being absent from the United Kingdom. A director may waive notice of any meeting either prospectively or retrospectively and any retrospective waiver shall not affect the validity of the meeting or any business conducted at the meeting.

#### Quorum

53. The quorum necessary for the transaction of the business of the board may be fixed by the board and, unless so fixed at any other number, shall be one. Subject to the provisions of these articles, any director who ceases to be a director at a board meeting may continue to be

present and to act as a director and be counted in the quorum until the termination of the board meeting if no other director objects and if otherwise a quorum of directors would not be present.

#### Directors below minimum through vacancies

54. The continuing directors or a sole continuing director may act notwithstanding any vacancy in their number but, if and so long as the number of directors is reduced below the minimum number fixed by or in accordance with these articles, the continuing directors or director, notwithstanding that the number of directors is below the number fixed by or in accordance with these articles as the quorum or that there is only one continuing director, may act for the purpose of filling vacancies or of summoning general meetings of the company but not for any other purpose. *If there are no directors or director able or willing to act, then any two members may summon a general meeting for the purpose of appointing directors.*

#### Appointment of chairperson

55. The board may appoint a director to be the chairperson or the deputy chairperson of the board, and may at any time remove that director from that office. Unless he or she is unwilling to do so, the chairperson or failing him or her the deputy chairperson shall act as chairperson at every meeting of the board. But if no chairperson or deputy chairperson is appointed, or if at any meeting *neither the chairperson nor any deputy chairperson is present within five minutes after the time appointed for holding the meeting and willing to act*, the directors present may choose one of their number to be chairperson of the meeting.

#### Competence of meetings

56. A meeting of the board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the board.

#### Voting

57. Questions arising at any meeting shall be determined by a majority of votes and each director shall have one vote. In the case of an equality of votes the chairperson of the meeting shall have a second or casting vote.

#### Delegation to committees

58. The board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons (whether a member or members of its body or not) as it thinks fit, provided that the majority of the members of the committee are directors of the company and that no meeting of the committee shall be quorate for the purpose of exercising any of its powers, authorities or discretions unless a majority of those present are directors of the company. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the board. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these articles for regulating the meetings and

proceedings of the board so far as the same are applicable and are not superseded by any regulations imposed by the board.

#### Participation in meetings by telephone

59. All or any of the members of the board or any committee of the board may participate in a meeting of the board or that committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairperson of the meeting then is.

#### Resolution in writing

60. A resolution in writing executed by all the directors for the time being entitled to receive notice of a meeting of the board (if that number is sufficient to constitute a quorum) or by all the members of a committee for the time being shall be as valid and effectual as a resolution passed at a meeting of the board or, as the case may be, of the committee properly called and constituted. The resolution may be contained in one document or in several documents in like form each executed by one or more of the directors or members of the committee concerned.

#### Validity of acts of board or committee

61. All acts done by the board or by any committee or by any person acting as a director or member of a committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the board or committee or person so acting or that they or any of them were disqualified or had vacated office, be as valid as if each such member or person had been properly appointed and was qualified and had continued to be a director or member of the committee.

### **MINUTES**

#### Record of minutes

62. The directors shall cause minutes to be duly entered in books provided for the purpose:-

- (a) of all appointments of officers;
- (b) of the names of the directors present at each meeting of the directors, and of any committee of directors;
- (c) of all orders made by the directors and any committee of directors; and
- (d) of all resolutions and proceedings of general meetings.

## **SEALS**

### Use of seals

63. The board shall provide for the custody of every seal of the company. A seal shall only be used by the authority of the board or of a committee of the board authorised by the board in that behalf. Subject as otherwise provided in these articles, any instrument to which the common seal is applied shall be signed by at least one director and the secretary or by at least two directors.

## **ACCOUNTING RECORDS**

### Annual financial statements

64. At a general meeting in every year the directors shall lay before the company annual financial statements which shall include a profit and loss account and balance sheet containing a summary of the property and liabilities of the company, made up to a date not more than nine months before the meeting, from the time when the last preceding annual financial statements were made. The balance sheet shall be signed by one director.

### Directors' report

65. There shall be included with the annual financial statements a report of the directors as to the state and condition of the company, and as to the amount (if any) which they propose to carry to the reserve funds. The directors' report shall be signed by the company secretary on behalf of the board.

### Annual financial statements and directors' report

66. A printed copy of the annual financial statements and the directors' report shall, twenty-one days previously to the meeting, be served on each of the members, in the manner in which notices are hereafter directed to be served.

### Inspection of records

67. No member in his or her capacity as such shall have any right of inspecting any accounting record or book or document of the company except as conferred by law or authorised by the board or by ordinary resolution of the company.

## **GENERAL RESERVE FUND**

### General reserve fund

68. The General Reserve Fund of the company existing at the date of the adoption of these articles by the company (hereinafter called "the existing General Reserve Fund") and the income arising therefrom may be applied in the manner provided by article 73 hereof or may be used for meeting contingencies or for discharging any debts or liabilities of the company or for such other purposes as the directors may think expedient. Until the said fund be so applied the directors may invest the sums representing the same and the income arising therefrom in such manner as they

may think fit, with full power from time to time and at any time to deal with and vary such investments and dispose of them or any part thereof for the benefit of the company.

## **SERVICE OF NOTICES AND OTHER DOCUMENTS**

### Service of notices

69. Any notice or other document may be served on or delivered to any member by the company either personally or by sending it through the post addressed to the member at the member's registered address or by leaving it at that address addressed to the member or by any other means authorised in writing by the member concerned. In the case of joint members, service or delivery of any notice or other document on or to the senior joint member as determined pursuant to the provisions of article 1(A)(VII) shall for all purposes be deemed a sufficient service on or delivery to all the joint members.

### Register conclusive

70. For the purpose of determining the members for the time being entitled to receive notices or other documents served or delivered by the company the register, as it stands at any time not more than thirty days before the date of service or delivery, shall be conclusive. No change in the register after that time shall invalidate that service or delivery.

### Members resident abroad

71. Any member whose registered address is not within the United Kingdom and who gives to the company an address within the United Kingdom at which notices may be served upon that member shall be entitled to have notices served upon him or her at that address but, unless that member does so, shall not be entitled to receive any notice from the company.

### When notice deemed served

72. Any notice or other document, if sent by post, shall be deemed to have been served or delivered on the day following that on which it was put in the post and, in proving service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, prepaid and put in the post. Any notice or other document not sent by post but left at a registered address shall be deemed to have been served or delivered on the day it was so left. Any notice or other document served or delivered by any other means authorised in writing by the member concerned shall be deemed to have been served when the company has carried out the action it has been authorised to take for that purpose.

## **APPLICATION OF INCOME**

### Application of income

73. Subject as hereinafter provided the directors may in their absolute discretion:-

- (a) apply the net income of each department of the company's business in reduction of the premiums payable upon the policies issued by that department in such manner and at such periods of time as they may think fit;

- (b) accumulate the net income of each such department as and for a reserve fund of that department and invest the same in the name of the company in such securities and in such manner as they may think fit; and
- (c) apply both the capital and income of the reserve fund of each such department in reduction of the premiums payable upon the policies issued by that department in such manner and at such periods of time as they may think fit

Provided always that if there shall be in any year a loss in respect of the business carried on by any department of the company's business the directors may with the consent of the company in general meeting make good such loss out of the reserve funds of the other departments or out of the existing General Reserve Fund of the company, the contributions for that purpose to be made by the other departments to be in proportion to the amount of their respective funds and to be recouped out of the net income of subsequent years of the department whose loss has been so made good.

## **WINDING UP**

### Payment of debts and liabilities

74. If the company shall be wound up the debts and liabilities of the company (other than debts and liabilities under policies or contracts of insurance issued by the company) incurred in connection with or attributable exclusively to any particular department of the company's business shall be paid and discharged exclusively out of the funds of that department (if and so far as the same are sufficient), and the debts and liabilities of the company not so attributable exclusively to any department and the general costs of winding up shall be paid and discharged out of the funds of the different departments in proportion to the amounts of such funds (including profits and reserves attributable thereto) as existing at the commencement of the winding up. The debts and liabilities of the company on claims under or otherwise in respect of policies issued out of any department of the company shall be paid and discharged out of the balance of the funds of that department (including as aforesaid) remaining after making thereout the payments hereinbefore mentioned, and if and so far as such funds shall be insufficient, out of the General Reserve Fund of the company, and in so far as the same is not sufficient, out of the funds of the other departments of the company's business in proportion to the amounts of such funds, and in so far as the same is not sufficient, out of any sums contributed by the members of the company insured in that department pursuant to article 75.

### Liability of members

75. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up during the time that he is a member, or within one year afterwards, for payment of the debts and liabilities of the company contracted before the time at which he ceases to be a member, and the costs, charges and expenses of winding up the same,



and for the adjustment of the rights of the contributories amongst themselves, such amount as may be required not exceeding £10.

#### Distribution of surplus

76. If after discharging or making due provision for all the debts and liabilities and costs of winding up for which the funds of any department are declared to be liable under the last preceding article or are otherwise legally liable there shall remain a balance of funds in that department such balance shall be divided among the members who have been insured in that department for not less than five successive years ended on the 31st day of December immediately prior to the winding up and are insured in that department at the commencement of the winding up in proportion to the aggregate amount of the premiums paid up by them respectively upon the policies issued to them by that department of the company during such period of five successive years as aforesaid.

### **INDEMNITY**

#### Indemnity of officers

77. To the extent permitted by the Companies Acts, the company may indemnify any director of the company or of any associated company against any liability and may purchase and maintain for any director of the company or of any associated company insurance against any liability. No director of the company or of any associated company shall be accountable to the company or the members for any benefit provided pursuant to this article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the company.

### **CONFIDENTIAL INFORMATION**

#### Confidential information

78. (A) No director who is:-

- (i) a creditor; or
- (ii) a director or shareholder of, or otherwise interested in, a creditor,

of the company shall be entitled to have access to, use or disclose any confidential information which is in the company's possession and which relates to any matter in which that creditor has, directly or indirectly, an interest which is material and which conflicts or may conflict with the interests of the company.

(B) The provisions of article 78(A) shall not apply to any information which is:-

- (i) publicly available or becomes publicly available otherwise than as a result of a breach of article 78(A);
- (ii) lawfully in the possession of any person prior to its disclosure to that person;

- (iii) received in good faith by any person from a third party and is not knowingly disclosed or used in breach of article 78(A); or
- (iv) required to be disclosed by law or by any regulatory body.

**ARTICLES OF ASSOCIATION**  
**of**  
**Municipal Mutual Insurance Limited**

**PART I**  
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