

Company Number: 115938

THE COMPANIES ACT 1985

MEMORANDUM

AND

ARTICLES OF ASSOCIATION OF

THE WELSH INSURANCE CORPORATION LIMITED

COMPANY LIMITED BY SHARES



SINGLE MEMBER COMPANIES

THE WELSH INSURANCE CORPORATION LIMITED became a single member company on 8 January 1993. Under Regulation 2 of the Single-Member Company regulations, any enactment shall (in the absence of any express provision to the contrary) apply but, with such modifications as are necessary in respect of single member companies. Therefore, if any provision of Table A conflicts with the company's position as a single member it should be read in such a way as will allow the company to operate on the single member basis.

MEMORANDUM OF ASSOCIATION

OF

THE WELSH INSURANCE CORPORATION LIMITED

1. The name of the Company is The Welsh Insurance Corporation Limited.
2. The registered office of the Company is and will be situate in England.
- *3. The objects of the Company are:-
 - (A) To carry on the business of insurance in all its branches to effect and carry out contracts of insurance against insurable risks of any or every kind, contracts of insurance of any or every type dependent on human life and contracts to pay annuities or lump sums howsoever calculated and in particular (but without limiting the generality of the foregoing) to transact all or any of the classes of insurance business referred to in Section 1(1) of the Insurance Companies Act 1982 and to transact all kinds of guarantee and indemnity business.
 - (B) To reinsure with any company or person any risks undertaken by the Company and issue policies of reinsurance and to enter into reinsurance contracts upon any terms and whether or not binding the Company for any fixed term to accept with or without investigation any part of risks undertaken by another company or person being of such a nature as the Company may be authorised to insure.
 - (C) To appropriate and pay or distribute to or among the holders of policies of the Company or other persons with whom it may have dealings or any class or classes of such persons any part of the general profits of the Company or of the profits derived from any one or more of its several categories of business and either in cash or by any deferred payment or by the diminution of any premiums or in any other way and by the terms of any policy or prospectus to bind itself to make any such appropriation, payment or distribution.
 - (D) To pay, satisfy or compromise any claims made against the Company in respect of any policies or contracts granted by, dealt in or entered into by the Company which claims the Company may deem it expedient to pay, satisfy or compromise notwithstanding that the same may not be valid in law.

* Clauses 3(A), 3(UU) and 3(Z) were adopted pursuant to a special resolution passed on 19 October 1992

- (E) To carry on all financial and monetary business and in particular (but without limiting the generality of the foregoing) to borrow, raise or take up money with or without security and to employ and use money; to deposit, lend or advance money, securities or property, with or without security, and generally to make or negotiate loans and advances of every kind on any terms and subject to any conditions including the lending of money upon policies issued by the Company or in respect of which it may be liable and to apply any of the funds of the Company in buying up, cancelling, extinguishing or obtaining a release from any policy or contract; to draw, make, accept, endorse, grant, discount, acquire, subscribe or tender for, buy, sell, issue, execute, guarantee, negotiate, transfer, hold, invest or deal in, honour, retire, pay, secure or otherwise dispose of obligations, instruments (whether transferable or negotiable or not) and securities of every kind; to buy, sell, and deal in bullion, specie, precious metals, foreign exchange and commodities of every kind; to receive on deposit or for safe custody or otherwise documents, cash, securities and valuables of every description; to collect, hold and transmit documents, moneys, securities and other property and to act as agents for the receipt, payment or delivery thereof; and to act as agents, advisers or consultants in relation to all insurance, pension and taxation matters, the investment of money and the management of property and generally to transact all agency, advisory or consultancy business of every kind.
- (F) To act as executor, administrator, trustee, judicial or custodian trustee, receiver, manager, committee, liquidator and treasurer and to carry on trust business of all kinds, and generally to carry on trustee and executor business in all its aspects and on such terms as may be thought expedient and in particular (but without limiting the generality of the foregoing) to act as trustee for the holders of any securities of any company and as manager or trustee of unit trusts, investment trusts and pension, benevolent and other funds and to transact all kinds of business arising in connection with any of the foregoing offices and trusts and to establish, settle and regulate and, if thought fit, undertake and execute any trusts with a view to the issue of any securities, certificates or other documents based on or representing any securities or other assets appropriate for the purposes of such trust.
- (g) To promote, effect, negotiate, offer for sale by tender or otherwise, guarantee, underwrite, secure the subscription or placing of, subscribe or tender for or procure the subscription, whether absolutely or conditionally, of, participate in, manage or carry out, on commission or otherwise, any issue, public or private, of the securities of any company and to lend money for the purposes of any such issue.
- (H) To give security or become responsible for the performance of any obligation or duties by any person or company and in particular (but without limiting the generality of the foregoing) to guarantee, support or secure, whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets, present or future, and uncalled capital of the Company, or by both such methods, the performance of the obligations of and the payment of moneys secured by, or payable under or in respect of, the securities of any company or person, and to give and take counter guarantees and indemnities and to receive security for the implementation of any obligation.

- (I) To acquire by assignment or otherwise debts owing to any person or company and to collect such debts and generally to act as traders, factors, carriers and merchants.
- (J) To provide managerial, secretarial, accountancy, consultancy, statistical and any other supervisory, executive and advisory services of whatsoever kind for or in relation to any person, company, property or business.
- (K) To act as forwarding agents, travel and shipping agents, commission agents, surveyors, architects, valuers, property consultants and managers and land and estate agents and generally to undertake all kinds of agency business.
- (L) To acquire, take options over, hold, exchange, deal in, turn to account, sell or otherwise dispose of securities of any company or companies and generally to carry on the business of an investment company in all its aspects.
- (M) To form, establish or promote or co-operate in the formation, establishment or promotion of any company and to co-ordinate, finance and manage all or any part of the operations of any company which is a subsidiary of or otherwise under the control of the Company and to blend the receipts of any such subsidiary company with the revenue of the Company from other sources and generally to carry on the business of a holding company.
- (N) To amalgamate or enter into partnership or any profit-sharing or other arrangement with and to co-operate in any way with or assist or subsidise any person or company and to purchase or otherwise acquire all or any part of the business, assets and liabilities of any person or company and to conduct and carry on, or liquidate and wind up, any business so acquired.
- (O) To purchase, take options over, take on lease or in exchange, hire or otherwise acquire, for any estate or interest and on such terms and for such consideration as may be considered expedient, construct and develop real and personal property of every kind and to invest any moneys of the Company in such investments, securities and any other kind of real or personal property as may be thought expedient.
- (P) To sell, exchange, improve, manage, turn to account, lease, let on hire, grant licences, easements, options, or other rights over and in any other manner deal with or dispose of the undertaking, property and assets (including uncalled capital) of the Company or any part thereof for such consideration as may be thought fit and in particular for securities, whether fully or partly paid up, of any company formed or to be formed and to hold, deal with or dispose of such consideration.
- (Q) To secure any obligations of the Company by mortgaging or charging all or any part of the undertaking, property and assets, present or future, and uncalled capital of the Company.
- (R) To place or allow to remain in the name or names or in the custody or within the legal control of any person or persons, wherever resident or domiciled, for and on behalf of or as trustees for the Company or any class of policy holders any money, investments, securities or other property of the Company for the time being and to call upon such person or persons for a transfer or reconveyance to the Company of any

money, investments, securities or other property held by or vested in him or them.

- (S) To establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation fund for the benefit of, and give or procure the giving of pensions, allowances, gratuities or bonuses or death or disability benefits to or in respect of, any persons who are or were directors, officers or in the employment of the Company, or of any company which is or was a subsidiary of the Company or is or was allied to or associated in business with the Company or with any such subsidiary company, or who are or were employed in any business acquired by the Company or by any such other company, holding executive office or place of profit, and the wives, widows, families, dependants and personal representatives of any such persons.
- (T) To procure the establishment and subsidy of or subscription to and support of any institutions, associations, clubs, funds or trusts which the Company considers to be for the benefit of any persons mentioned in (S) above, or otherwise to advance the interest and well-being of the Company or of any such other company as is mentioned in (S) above or its members and to make payments for or towards the insurance of any such persons as aforesaid and to give subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.
- (U) To procure the registration or incorporation of the Company in or under the laws of any place and to take steps in Parliament or with any government or authority for the purpose of carrying out, extending or varying the objects and powers of the Company or altering its constitution, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests and to enter into any arrangement with any government or authority and to obtain any rights, concessions and privileges from any such government or authority and to carry out exercise and comply with any such arrangements, rights, concessions and privileges.
- (UU)(i) To purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees or auditors of the Company, or of any other company which is its holding company or in which the Company or such holding company or any of the predecessors of the Company or of such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any Subsidiary Undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other company or Subsidiary Undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, Subsidiary Undertaking or pension fund and (ii) to such extent as may be permitted by law otherwise to indemnify or to exempt any such person against or from any such liability.

- (V) To distribute any of the property of the Company among its members in specie.
- (W) To carry on any other business or activity whatsoever which may seem to the Board of the Company capable of being advantageously carried on in connection or conjunction with or as ancillary to any of the foregoing businesses or activities or which the Board of the Company may consider expedient with a view to rendering profitable or enhancing directly or indirectly the value of the Company's undertaking or any of its property or assets.
- (X) To do all such other things as are incidental or conducive to the attainment of the objects named or any of them.
- (Y) To do all or any of the foregoing things in any part of the world and either as principals, agents, contractors, trustees or otherwise and by or through trustees, agents, subsidiary and associated companies or otherwise and either alone or in conjunction with others.
- (Z) To alter this memorandum of association in any manner permitted by the Companies Act 1985 or by any future Act amending the same subject nevertheless to the provisions of such Acts.

It is hereby declared that:-

- (i) the expression "company" (except where used in reference to this Company) shall be deemed to include any government or any statutory, municipal or public body, any body corporate, partnership, association, syndicate or other body of persons, whether incorporated or unincorporated and whether domiciled in England or elsewhere and the expression "securities" means and includes shares, stocks, debentures, bonds, notes, debenture stocks, loan stocks, loans, mortgages, certificates or other documents of title, depositary receipts, certificates of deposit, funds or other obligations and interests or participatory rights of any kind whatsoever;
- (ii) the objects specified in each of the paragraphs of this Clause shall not, except where the context expressly so requires, be in anywise limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company, but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the objects of a separate, distinct and independent company.

And it is hereby declared that the word "person" when used herein includes where the context permits a corporation or other association.

- 4. The liability of the members is limited.
 - 5. The capital of the Company is £50,000 divided into 50,000 Ordinary Shares of £1 each. *
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* On 21/12/95 the authorised share capital increased from £50,000 to £211,850,000 by the creation of 211,800,000 Ordinary Shares of £1 each.

**On 17/12/97 the authorised share capital increased from £211,850,000 to £263,305,152 by the creation of 51,455,152 ordinary shares of £1 each.

- (V) To distribute any of the property of the Company among its members in specie.
- (W) To carry on any other business or activity whatsoever which may seem to the Board of the Company capable of being advantageously carried on in connection or conjunction with or as ancillary to any of the foregoing businesses or activities or which the Board of the Company may consider expedient with a view to rendering profitable or enhancing directly or indirectly the value of the Company's undertaking or any of its property or assets.
- (X) To do all such other things as are incidental or conducive to the attainment of the objects named or any of them.
- (Y) To do all or any of the foregoing things in any part of the world and either as principals, agents, contractors, trustees or otherwise and by or through trustees, agents, subsidiary and associated companies or otherwise and either alone or in conjunction with others.
- (Z) To alter this memorandum of association in any manner permitted by the Companies Act 1985 or by any future Act amending the same subject nevertheless to the provisions of such Acts.

It is hereby declared that:-

- (i) the expression "company" (except where used in reference to this Company) shall be deemed to include any government or any statutory, municipal or public body, any body corporate, partnership, association, syndicate or other body of persons, whether incorporated or unincorporated and whether domiciled in England or elsewhere and the expression "securities" means and includes shares, stocks, debentures, bonds, notes, debenture stocks, loan stocks, loans, mortgages, certificates or other documents of title, depositary receipts, certificates of deposit, funds or other obligations and interests or participatory rights of any kind whatsoever;
- (ii) the objects specified in each of the paragraphs of this Clause shall not, except where the context expressly so requires, be in anywise limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company, but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the objects of a separate, distinct and independent company.

And it is hereby declared that the word "person" when used herein includes where the context permits a corporation or other association.

- 4. The liability of the members is limited.
- 5. The capital of the Company is £50,000 divided into 50,000 Ordinary Shares of £1 each. *

* On 21/12/95 the authorised share capital increased from £50,000 to £211,850,000 by the creation of 211,800,000 Ordinary Shares of £1 each.

NO: 115938

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION*

OF

THE WELSH INSURANCE CORPORATION LIMITED

PRELIMINARY

1.01 The regulations contained in Table A in the Companies (Tables A to F) Regulations 1985 shall, except as hereinafter provided and so far as not inconsistent to the provisions of these Articles, apply to the Company to the exclusion of all other regulations or Articles of Association. References herein to regulations are to regulations in the said Table A unless otherwise stated. (Regulations 71 to 80 (inclusive), and 94 to 98 (inclusive) of Table A shall not apply to the Company; in addition the remaining regulations of Table A, as varied hereby, shall be the Articles of Association of the Company.)

SHARE CAPITAL

2.01 In accordance with section 91(1) of the Act, sections 89(1) and 90(1) to (6) inclusive of the Act shall not apply to the Company.

TRANSFER OF SHARES

3.01 The directors may, in their absolute discretion, and without assigning any reason therefor, decline to register any transfer of any share, whether or not it is a fully paid share, and regulation 24 of Table A shall be modified accordingly.

PROCEEDINGS AT GENERAL MEETINGS

4.01 If a quorum is not present within half an hour of the time appointed for the adjourned meeting, the members present shall be a quorum. Regulation 41 shall be amended accordingly.

BORROWING POWERS

5.01 The directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and, subject to section 80 of the Act, to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

*These Articles were adopted by a Special Resolution of the Company passed on 19 October 1992.

POWERS AND DUTIES OF DIRECTORS

6.01 The directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these regulations) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him. Regulation 71 of Table A shall not apply.

6.02 The directors may prescribe by whom and under what conditions powers of attorney shall be signed, executed, amended, granted or made by or on behalf of the Company.

6.03 (1) A director who is in any way, whether directly or indirectly, interested, in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the directors in accordance with Section 317 of the Act.

(2) A director may be interested, directly or indirectly, in any contract or arrangement with the Company or in which the Company is interested and (except for the office of auditor) he may hold and be remunerated in respect of any office or place of profit under the Company and he or any firm of which he is a partner may act in a professional capacity for the Company and be remunerated therefor. In relation to any such matter a director notwithstanding his interest may vote and be taken into account for the purposes of a quorum and (save as otherwise agreed) may retain for his own absolute use and benefit all profits and advantages accruing to him. Regulations 94 to 98 of Table A shall not apply.

6.04 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the directors shall from time to time by resolution determine.

RETIREMENT BY ROTATION OF THE DIRECTORS

7.01 The directors shall not be required to retire by rotation and accordingly regulations 73 to 80 of Table A shall not apply.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

8.01 Regulation 81 of Table A shall be extended to continue after (e) as follows:-

The office of director shall also be vacated if the director offers to resign or if the director has served upon him notice in writing signed by all the other directors (being at least two) removing him from office as a director, but in the case of a managing director such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages in respect of the consequent termination of his executive office.

8.02 The directors shall have power at any time, and from time to time, to appoint any person to be a director, but the total number of directors shall not at any time exceed the number fixed in accordance with these regulations.

COMMITTEES

9.01 The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors. Regulation 72 of Table A shall not apply.

9.02 A committee may elect a chairman of its meetings; if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

9.03 A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the chairman shall have a second or casting vote.

MANAGING DIRECTOR

10.01 Regulation 84 of Table A shall extend to include the posts of deputy and assistant managing director and in these regulations references to a managing director shall include a deputy or assistant managing director.

ALTERNATE DIRECTORS

11.01 An alternate director may be repaid expenses, and shall be entitled to be indemnified, by the Company to the same extent mutatis mutandis as if he were a director, but he shall not be entitled to receive from the Company any remuneration for his services as alternate director.

DIVIDENDS AND RESERVES

12.01 The directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the directors may from time to time think fit. The directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

12.02 The directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

REMUNERATION OF AUDITOR

13.01 The directors are authorised to fix the amount of the remuneration of the auditor.

OVER-RIDING PROVISIONS

14.01 Whenever Commercial Union plc (hereinafter called "the ultimate holding company"), or any subsidiary of the ultimate holding company, shall be the holder of not less than 90 per cent. of the issued ordinary shares the following provisions shall apply and to the extent of any inconsistency shall have over-riding effect as against all other provisions of these regulations:

- (a) the ultimate holding company may at any time and from time to time appoint any person to be a director or remove from office any director howsoever appointed but so that in the case of a managing director his removal from office shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages in respect of the consequent termination of his executive office; and
- (b) no unissued shares shall be issued or agreed to be issued or put under option without the consent of the ultimate holding company; and
- (c) any or all powers of the directors shall be restricted in such respects and to such extent as the ultimate holding company may by notice to the Company from time to time prescribe.

14.02 Any such appointment, removal, consent or notice shall be in writing served on the Company and signed on behalf of the ultimate holding company by any two of its directors or by any one of its directors and its Secretary or by some other person duly authorised for that purpose.

14.03 No person dealing with the Company shall be concerned to see or enquire as to whether the powers of the directors have been in any way restricted hereunder or as to whether any requisite consent of the ultimate holding company has been obtained and no obligation incurred or security given or transaction effected by the Company to or with any third party shall be invalid or ineffectual unless the third party had at the time expressed notice that the incurring of such obligation or the giving of such security or the effecting of such transaction was in excess of the powers of the directors.