

Dear

Appointment as Non-Executive Director

I am pleased to confirm your continuing appointment as a non-executive director of Liverpool Victoria Friendly Society Limited (the "**Company**") with effect from [date] (the "**Effective Date**").

The terms set out in this letter supersede any previous letters in connection with your appointment.

I set out below the standard terms and conditions of your appointment.

1. Definitions

In this letter:

"**Board**" means the board of directors of the Company from time to time;

"**Code**" means the Annotated Combined Code on Corporate Governance issued by the Association of Mutual Insurers, as amended from time to time;

"**FSA**" means the Financial Services Authority, or any successor body;

"**Group**" means the Company and subsidiary or subsidiary undertaking of the company (both as defined in the Companies Act 2006);

"**Regulations**" means the handbook of rules and regulations made by the FSA from time to time pursuant to the Financial Services and Markets Act 2000;

"**Rules**" means the Rules of the Company from time to time.

2. Terms of Appointment

2.1 Your appointment is subject to the provision of the Rules regarding appointment, fees, expenses, retirement, disqualifications and removal

of directors and will terminate forthwith without any entitlement to compensation if:

- 2.1.1 You are not re-elected at an Annual General Meeting of the Company at which you retire and offer yourself for re-election in accordance with Rules; or
 - 2.1.2 You are required to vacate office for any reason pursuant to any of the provisions of the Rules; or
 - 2.1.3 Your approval by the FSA to act as an Approved Person, within the meaning of the Regulations, is terminated for any reason; or
 - 2.1.4 You are removed as a director or otherwise required to vacate office under any applicable law.
- 2.2 Subject to the above, and to continued satisfactory performance by you, it is anticipated that your appointment as a non-executive director will be for an initial term of three years commencing on the Effective Date or until terminated by either party on three months notice in writing. Following the initial term, the Board may agree with you in writing that you will serve as a director until a later date. All reappointments are, of course, subject to the Rules.

3 Duties

- 3.1 You will be expected to devote such time as is necessary for the proper performance of your duties, as described more fully below, which is likely to be around 24 days per year.
- 3.2 You will have all the customary duties of a non-executive director, which are discussed at Section A of the Code, including attendance at board meetings, periodic meetings of non-executive directors, and the annual general meeting, together with additional consultancy duties as may be agreed with the Board, which may relate to the business of the Company or any other member of the Group.
- 3.3 It has been agreed that you will serve as Chairman of the [] Committee of the Company and as a member of the [] Committee of the Company. Membership of other committees of the Board may be agreed from time to time.
- 3.4 By accepting this appointment you undertake that, taking into account all other commitments you may have, you are able to devote sufficient time to your duties as a non-executive director to the Company.
- 3.5 You acknowledge that it is your responsibility to ensure that you remain sufficiently apprised of the Regulations to enable you to

discharge your duties as a director of the Company and to meet the standards of conduct expected of an Approved Person by the FSA.

- 3.6 You will be expected faithfully, efficiently, competently and diligently to perform your duties and exercise such powers in your role as a non-executive director.
- 3.7 During the continuance of your appointment you shall:
- 3.7.1 have particular regard to the key elements of the non-executive directors' role, that is:
- to challenge constructively and help develop proposals on strategy;
 - to scrutinise the performance of management in meeting agreed goals and objectives and to monitor the reporting of performance;
 - to satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
- 3.7.2 attend, in so far as reasonably possible, all meetings of the Board and of committees of the Board of which you are a member;
- 3.7.3 declare promptly, so far as you are aware, the nature of any interest, whether direct or indirect, (ie to the interest of persons who are connected with you) in any contract or proposed contract entered into by any member of the Group;
- 3.7.4 comply where relevant with any rule of law or regulation of any competent authority or of the Company from time to time in force in relation to dealing in any securities issued by the Company and unpublished price sensitive information affecting such securities.
- 3.7.5 comply with all reasonable requests, instructions and regulations made or given by the Board (or by any duly authorised committee thereof) and give to the Board such explanations, information and assistance as the Board may reasonably require;

- 3.7.6 use your reasonable endeavours to promote and extend the interests and reputation of the Group, including assisting the Chairman, Group Chief Executive and the Board in relation to public and corporate affairs and promotion of the success of the Company in general through application of your particular knowledge and experience; and
- 3.7.7 in the event that you have concerns which cannot be resolved about the way in which the Company or Group is being run or about a course of action being proposed by the Board, raise these concerns at a meeting of the Board and request that they are recorded in the minutes of the relevant Board meeting.

4 Training, provision of information and professional development

- 4.1 During the course of your appointment, you will be expected to update your skills and knowledge for the purposes of fulfilling your role as a non – executive director of the Company, with particular reference to the duty set out in 3.5 above. The Company will assist you in this and arranges periodic training for directors and senior management to which you will be invited. You should contact the Company Secretary if you have any queries in relation to professional development.
- 4.2 In the event that you require further information or advice in relation to the Company, including in relation to compliance with applicable rules and regulations, during the course of your appointment, you should contact the Company Secretary.
- 4.3 The Company endeavours to adopt best practice in the area of Corporate Governance and adheres wherever possible to the Code; you should familiarise yourself with the code which you can access online at <http://www.mutualinsurers.org/documents/AMI-Combined-Code.pdf>.

5 Confidential Information

- 5.1 You agree that, both during and after your time as a director of the Company, you will not use for your own or another's benefit or disclose or permit the disclosure of any confidential information of any member of the Group. Confidential information shall include, with limitation, lists or details of customers, information relating to the working of any product, process, invention, improvement or development carried on or used by any member of the Group, information relating to research projects, know-how, prices, discounts, future business strategy, marketing, tenders, any price sensitive information and information concerning the Company's intellectual property portfolio and strategy.

- 5.2 The restrictions contained in the clause shall cease to apply to any confidential information which may (other than by reason of your breach of these terms) become available to the public generally.
- 5.3 You also agree during your appointment that you will not, other than for the benefit of the Company, make any notes, memoranda, electronic records, tape records, films, photographs, plans, drawings or any form of record relating to any matter within the scope of the business or concerning the dealings or affairs of the Group and will return any such items at any time at the request of the Board.

6 Other Appointments and Interests

- 6.1 You confirm that you have notified the Board in writing of all of your other directorships, appointments and interests, including without limitation any directorship, appointment or interest in a company, business or undertaking which competes or is likely to compete with the Company or any other member of the Group or which is a customer or supplier of any such company or which could otherwise potentially give rise to a conflict with your duties to the Company (a "**competing interest**"). This will include indirect interests i.e. the interests of persons who are connected with you. "Connected persons" will include your spouse or civil partner; your children or stepchildren; your parents and any other person with whom you live in an enduring family relationship and their children under 18 years old.
- 6.2 You undertake that during the term of your appointment you will:
- 6.1.1 disclose any proposed new directorship or appointment to the Chairman and Group Chief Executive before accepting it and following acceptance, promptly disclose it to the Board. The Board reserves the right to veto your acceptance of any other directorship or role where the business is viewed by the Board as being in competition with the Company or any other member of the Group.
 - 6.1.2 promptly notify in writing, in the first instance to the Chairman and Group Chief Executive and subsequently to the Board, any subsequent changes to any such directorship or appointment or competing interest; and
 - 6.1.3 not acquire any new competing interest (except as the holder for investment of less than 3 per cent of any class of securities quoted or dealt in on a recognised stock exchange) without the prior consent of the Board in writing.

- 6.2 You will be asked to sign an annual declaration of your outside interests as notified in accordance with the requirements above and to confirm that it is complete and accurate in respect of the year then ended.

7 Fees

During your engagement you will be entitled to an annual fee at a rate of £[xx,xxx] per annum in respect of your service as a director, £[yy,yyy] in respect of your chairmanship of the [] Committee and £[z,zzz] in respect of your membership of the [] Committee. Fees for membership of other committees will be agreed with you as required. All fees will be subject to such deductions as the Company may be required to make including in respect of income tax and national insurance contributions. Fees will be reviewed annually and will be payable in arrears by equal monthly instalments. You will not be eligible to participate in any of the Company's bonus or other incentive arrangements, nor in its pension scheme.

8 Expenses and Insurance

- 8.1 The Company shall reimburse to you all your expenses reasonably incurred by you in the proper performance of your obligations under this letter provided that you supply receipts or other evidence of expenditure.
- 8.2 Your expenses may include professional fees if it is necessary in the furtherance of your duties for you to seek independent professional advice (provided that allegations of negligence, breach of duty or bad faith have not been made against you), subject to you having first complied with the procedure set out in the Company's policy on obtaining professional advice which will be provided to you. Any such payment by the Company would, of course, be subject to any applicable restriction under company law.
- 8.3 The Company maintains directors' and officers' liability insurance; details of the indemnity limit and other aspects of the cover may be obtained on application to the Company Secretary. The Board intends to maintain appropriate cover for the full term of your appointment pursuant to this letter.

9 Review

The performance of individual directors, and of the Board as a whole, will be evaluated annually. If, in the interim, there are any matters which cause you concern in relation to your role, you should raise them with the Chairman and Group Chief Executive as soon as possible.

10 Termination of Appointment

10.1 On the termination of your appointment:

10.1.1 you will at the request of the Company (where relevant), resign (in writing) from the office of director and you irrevocably authorise the Company as your attorney in your name or on your behalf to sign or execute all documents (including but not limited to any agreement, instrument, deed and any other papers) and do all such things which may be necessary or required to give effect to this resignation;

10.1.2 you will surrender to an authorised representative of the Company all correspondence, documents (including without limitation board minutes and board papers), copies thereof or other property of the Group made or received by you in the course of your directorship (whether before or after the date of this letter); and

10.1.3 you hereby agree that you shall not be entitled to and shall not pursue any action or claim for compensation related to termination of your appointment from the Company whether such termination occurs before or after the date of expiry of the period set out in paragraph 2.2 save as to such payments and reimbursements to which you may be entitled

11 Miscellaneous

The agreement contained in this letter shall be governed by, and construed in accordance with, English law.

12 Entire Agreement and Severability

12.1 The appointment letter represents the entire understanding, and constitutes the whole agreement, in relation to your appointment and supersedes any previous agreement between yourself and the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.

12.2 You confirm that;

12.2.1 in entering into the agreement constituted by this appointment letter you have not relied on any representation, warranty, assurance, covenant, indemnity, undertaking or commitment which is not contained in this appointment letter; and

12.2.2 in any event, without prejudice to any liability for fraudulent misrepresentation or fraudulent misstatement, the only rights remedies in relation to any representation, warranty, assurance, covenant,

indemnity, undertaking or commitment given or action taken in connection with this appointment are those which arise under this appointment letter and, for the avoidance of doubt and without limitation, neither party has any right or remedy (whether by way of a claim for contribution or otherwise) in tort (including negligence) or for misrepresentation (whether negligence or otherwise, and whether made prior to, and / or in, this appointment letter).

12.2.3 In the event that any part (including any sub-clause or part thereof) of this appointment letter shall be void or unenforceable by reason of any applicable law, it shall be deleted and the remaining parts of this appointment letter shall continue in full force and effect and, if necessary, both parties shall use their best endeavours to agree any appointment letter necessary to give effect to the spirit of this appointment letter.

13 Notices

Any notice to be given under the terms of this letter shall, in the case of notice to the Company, be deemed to be given in left at or sent by first class post or facsimile transmission to the registered office for the time being of the Company and, in the case of notice to you, if handed to you personally or left at or sent by first class post or facsimile transmission to your last known address. Any such notice shall be deemed to be given at the time of its delivery or despatch by facsimile transmission or on the next following weekday (not being a public holiday) after it was posted.

Kindly confirm your agreement to the terms set out above by signing the endorsement on the enclosed copy of this letter in the presence of an independent adult witness who should also sign and add in his or her full name, address and occupation. In accordance with clause A.4.4 of the Code you agree that, by signing this letter, it may be made available for inspection by members of the Company.

Please return the copy to me at the above address.

Yours sincerely

Chairman