

BEAZLEY GROUP PLC

REMUNERATION COMMITTEE TERMS OF REFERENCE

**Approved by Board Resolution dated 7 September 2004
Reviewed by the Board on 19th June 2006**

1. Membership

- 1.1 The Committee shall comprise at least three members, each of whom shall be appointed by the Board.
- 1.2 All members of the Committee shall be non-executive directors who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment.
- 1.3 The Board shall appoint the Committee Chairman and determine the period for which he shall hold office. The Chairman of the Company shall not be eligible to be appointed as Chairman of The Committee.
- 1.4 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Where possible, the Chairman and members of the Committee should be rotated on a regular basis.

2. Secretary

- 2.1 The Company Secretary or their nominee shall act as the Secretary of the Committee.

3. Quorum

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

4. Meetings

- 4.1 The Committee shall meet not less than three times a year and at such other times as the Chairman of the Committee shall require.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof.
- 5.2 Unless otherwise agreed, Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no fewer than five working days prior to the date of the meeting.

- 5.3 The Chief Executive and any other subject matter experts shall have the right to address any meeting of the Committee; others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.

6. Minutes of Meetings

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

7. Annual General Meeting

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

8. Duties

The Committee shall:

- 8.1 Determine and agree with the Board the framework or broad policy for the Remuneration of the Chairman of the Company, the Chief Executive, the Executive Directors, the Direct Reports to the Chief Executive and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the executive members of the Board. No director or manager shall be involved in any decisions as to his or her own remuneration. In order to assure his independence, the Committee will also review and recommend to the Board the remuneration of the Company Secretary;
- 8.2 In determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. It shall also liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives is within the Company's overall policy;
- 8.3 Determine targets for any performance related pay schemes operated by the Company and asking the Board, when appropriate, to seek shareholder approval for any long term incentive arrangements;
- 8.4 Within the terms of the agreed policy, determine the total individual remuneration package of each executive director and employee set out in clause 8.1 including, where appropriate, bonuses, incentive payments and share options;
- 8.5 Determine the policy for and scope of pension arrangements, service agreements, termination payments and compensation commitments for each executive director and employee set out in clause 8.1;
- 8.6 In determining such packages and arrangements, give due regard to the comments and recommendations of the Combined Code as well as the UK Listing Authority's Listing Rules and associated guidance;

- 8.7 Review competitor companies but insure that automatic increases are not implemented, thereby avoiding the “ratchet” effect;
- 8.8 Be aware of and oversee any major changes in employee benefit structures throughout the company or group;
- 8.9 Vet and authorise the procedures for reimbursement of any claims for expenses from the Chief Executive and Chairman of the Company;
- 8.10 Ensure that provisions regarding disclosure of remuneration including pensions, as listed in the Directors’ Remuneration Report Regulations 2002, are fulfilled; and
- 8.11 Produce an annual report of the Committee’s remuneration policy.

9. Authority

- 9.1 The Committee is authorised by the Board to seek any information it requires from any employee of the company in order to perform its duties.
- 9.2 In connection with its duties the Committee is required by the Board to select, set the terms of reference and appoint Remuneration Consultants, at the Company’s expense.
- 9.3 Although the Committee can seek the advice and assistance of any of the Company’s executives, it needs to ensure that this role is clearly separated from their role within the business.