



# Star Health and Allied Insurance Co. Ltd.

## **POLICY ON NOMINATION AND REMUNERATION OF DIRECTORS & KMPS**

### **Document Summary**

<b>Document Name</b>	Policy on Nomination and Remuneration of Directors & KMPS
<b>Current Version</b>	1.2

### **Revision History**

<b>Version No.</b>	<b>Date</b>	<b>Description</b>	<b>Author</b>	<b>Reviewed by</b>	<b>Approved by</b>
1.0	10-Aug- 2016	Initial Policy	Secretarial Dept	Nomination and Remuneration Committee	Board
1.1	03-Feb-2021	Inclusion of the provisions w.r.t to Non- Executive Directors and other modifications.	Secretarial Dept	Nomination and Remuneration Committee	Board
1.2	23-May-2021	Revamped	Secretarial Dept	Nomination and Remuneration Committee	Board

**STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED**

**#1 NEW TANK STREET, NUNGAMBAKKAM, CHENNAI-34.**

**CIN U66010TN2005PLC056649 IRDA REGN. NO.129**

**Telephone: 044-2828 8800 Website:-starhealth.in**

**1. INTRODUCTION**

The Policy on Nomination and Remuneration of Directors and KMPs is formulated under the requirements of the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and the Corporate Governance Guidelines 2016 and Guidelines on Remuneration of Non- Executive Directors and Managing Directors/Chief Executive Officer/ Whole time Directors issued by the Insurance Regulatory and Developmental Authority of India

This policy shall act as guidelines on matters relating to the remuneration, appointment and removal of the Directors, Key Managerial Personnel

**2. OBJECTIVE**

The key objectives of the Policy are as follows:

- a. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board of Directors of the Company (the “Board”), policies relating to the remuneration (payable in whatever form) of the Directors and Key Managerial Personnel
- c. To provide to Key Managerial Personnel reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- d. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- g. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.

**3. DEFINITIONS**

- a) **Act** shall mean Companies Act 2013
- b) **Committee** shall mean Nomination and Remuneration Committee.
- c) **CG Guidelines 2016** shall mean Corporate Governance Guidelines 2016 issued by IRDAI.
- d) **IRDAI** shall mean Insurance Regulatory and Development Authority of India.
- e) **Remuneration** shall mean any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;
- f) **Key Management Personnel (KMP)** shall mean members of the core management team of an insurer including all Whole-time Directors (WTD)/Managing Directors(MD)/Chief Executive Officer (CEO) and the functional heads one level below the MD/CEO, including the

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- i) Chief Financial Officer
- ii) Company Secretary;
- iii) Chief Risk Officer
- iv) Chief Marketing Officer
- v) Chief Compliance Officer
- vi) Chief Investment Officer and
- vii) Appointed Actuary

g) **Director** shall mean Director as defined under section 2(34) of the Act

h) **Senior Management** shall mean officers/personnel of the Company who are members of the core management team excluding Board of Directors and normally this shall comprise all members of management one level below the “Chief Executive Officer/Managing Director/Whole time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

#### **4. APPLICABILITY**

The policy shall be applicable for the Appointment/re-appointment of

- a) Non- Executive Directors
- b) WTD/ CEO/MD and
- c) Key Management Personnel

#### **5. APPOINTMENT/REAPPOINTMENT –**

##### **i) Non- Executive Directors**

- a) The Committee shall scrutinize and recommend to the Board the persons proposed to be appointed as Directors and their remuneration.
- b) The Board of Directors based on the recommendation of the Committee shall approve appointment of the proposed candidates and their remuneration.
- c) The appointment and remuneration shall be approved by the shareholders post Board approval
- d) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

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Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- e) The Company may appoint /continue the directorship of a Non Executive Director who has attained seventy five years provided the appointment is approved by the shareholders by passing a special resolution
- f) The remuneration payable to the Non- Executive Directors shall be in accordance to the provisions of the Act , SEBI (LODR) Regulations 2015 and the Guidelines issued by the Authority.

**ii) WTD/ CEO/MD**

- a) The Committee shall scrutinize and recommend to the Board the persons proposed to be appointed as WTD/CEO/MD and their remuneration.
- b) The Board of Directors based on the recommendation of the Committee shall approve appointment of the proposed candidates and their remuneration subject to the approval of the shareholders.
- c) The appointment and remuneration/commission payable to the WTD/CEO/MD shall be subject to the approval of the Authority
- d) The Company may continue the employment of any person as WTD who has attained the age of seventy years. Provided that the term of the person holding this position be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.
- e) The Company shall appoint or re-appoint any person as its WTD/CEO/MD for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**iii) Key Management Person**

- a) The Committee shall scrutinize and recommend to the Board the persons proposed to be appointed as Key Management Person and their remuneration.
- b) The Board of Directors based on the recommendation of the Committee shall approve appointment of the proposed candidates and their remuneration.

**6. Remuneration to Key Managerial Personnel and Senior Management Personnel**

- a) The Key Managerial Personnel and Senior Management Personnel shall be paid remuneration as per the Compensation and Benefit Policy of the Company as revised through the Annual Salary Review process from time to time.

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c) The composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate the Key Managerial Personnel and Senior Management of the quality required to effectively run the Company. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks.

e) Revision in remuneration of Key Managerial Personnel assuming position of a director within the meaning of the Act, shall require prior approval of the Nomination & Remuneration Committee and the Board. Such Director shall not participate in discussion and voting thereon.

f) The remuneration, including revision in remuneration, payable to the Chairman & CEO and the Managing Directors shall be recommended by the Committee to the Board of Directors.

**7. Sitting Fees**

The Non-executive Directors and Independent Directors of the Company are entitled to sitting fees as determined by Board from time to time for attending Board / Committee meetings thereof in accordance with the provisions of Companies Act, 2013.

**8. Profit-linked Commission**

The profit-linked Commission shall be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding the limit prescribed under the Companies Act 2013 read with Guidelines on Remuneration to Non- Executive Directors and Managing Director/Chief Executive Officer/Whole-time Directors of Insurers, each as amended.

**9. Policy on Board diversity:**

The Board shall comprise of Directors having expertise in different areas / fields like Finance, Sales and Marketing, Banking, Engineering, Human Resource management, etc. or as may be considered appropriate. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least one women director.

**10. Changes amongst Directors, Key Managerial Personnel:**

The Committee may recommend to the Board, changes in Board or Key Managerial Personnel subject to the provisions of the Act, Listing Regulations and applicable Company's policies from time to time. The Key Managerial Personnel shall superannuate

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as per the applicable provisions of the regulation and prevailing policy of the Company. The Board of Directors will have the discretion to retain the Key Managerial Personnel in the same position / remuneration or revised remuneration after attaining the date of superannuation for organisational development reasons.

**11. RETIREMENT**

The Director and KMP shall retire as per the applicable provisions of the Act or as per the prevailing policy of the Company.

**12. REVIEW AND AMENDMENTS**

The Board shall review the policy and make amendments as and when required.

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