

**COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

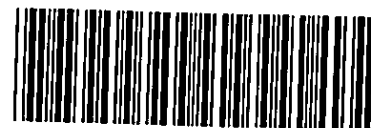
**OF**

**CNA INSURANCE COMPANY LIMITED<sup>1</sup>**

(REGISTERED NUMBER 950)

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**PRELIMINARY**

1. The regulations constituting Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 2007 (SI 2007/2541) and the Companies (Tables A to F) (Amendment) (No. 2) Regulations 2007 (SI 2007/2826), and as otherwise amended prior to the adoption of these Articles as they relate to a private company limited by shares (Table A) shall apply to CNA Insurance Company Limited (the **Company**) except in so far as they are excluded or varied by these articles.
2. Words and expressions defined in Regulation 1 of Table A have the same meanings in these articles where the context admits.
3. Regulations 8, 24, 54, 60-62 (inclusive), 65-69 (inclusive) 76-79 (inclusive), 87, 90, 93, 94, 100 and 118 of Table A do not apply to the Company.
4. The Company is a private company and no shares or debentures of the Company may be offered to the public.
5. Companies Acts means the Companies Act 1985 and the Companies Act 2006 as amended and in force prior to adoption of these Articles.

**SHARE CAPITAL**

6. The share capital of the Company as at the date of adoption of these Articles is £150,000,000 divided into 15,000,000 shares of £10 each.<sup>2</sup>
7. Subject to Article 8 the directors shall not without the authority of the Company in general meeting allot any of the shares in the capital of the Company. Where authority has been given to the directors to allot shares in the capital of the Company, the directors may, subject to the terms of such authority and subject to any terms on which any shares are created or issued, allot such shares to such persons (including any directors) at such times and generally on such conditions as they think proper provided that no shares shall be issued at a discount contrary to the Act. In the foregoing sentences of this Article, references to allotment of shares shall include references to the grant of any right to

<sup>1</sup> The Company was incorporated on 8 February 1864 with the name Maritime Insurance Company Limited. The name of the Company was changed by special resolution to CNA Insurance Company Limited on 1 February 2002.

<sup>2</sup> The share capital of the Company was increased:

- (i) by special resolution from £1,000,000 to £50,000,000 divided into 5,000,000 shares of £10 each on 11 December 1993.
- (ii) from £50,000,000 to £100,000,000 by special resolution on 3 April 2002.
- (iii) from £100,000,000 to £150,000,000 by special resolution on 13 November 2003.

subscribe for, or to convert any security into, shares. Where authority has been given to the directors as referred to in this Article to grant a right to subscribe for, or to convert any security into, shares the directors may without further authority allot such shares as may require to be allotted pursuant to the exercise of such right.

8. Section 89(1) of the Act is hereby excluded.

#### **VARIATION OF RIGHTS**

9. The rights attached to any existing shares shall not (unless otherwise expressly provided by the terms of issue of such shares) be deemed to be varied by the creation or issue of further shares ranking pari passu therewith or subsequent thereto.

#### **SHARE CERTIFICATES**

10. In Regulation 6 in Table A there shall be inserted after the word "seal" the following words, namely: "or the official seal of the company, if the company has a seal, or otherwise executed in such manner as may be permitted by the Act".

#### **LIEN**

11. The Company shall have a first and paramount lien on all the shares registered in the name of any member (whether solely or jointly with others) for all moneys due to the Company from him or his estate, whether solely or jointly with any other person (whether a member or not) and whether such moneys are presently payable or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The directors may at any time resolve that any share shall be exempt, wholly or partly, from the provisions of this Article.

#### **CALLS ON SHARES**

12. The directors may accept from any member the whole or any part of the amount remaining unpaid on any share held by him notwithstanding that no part of that amount has been called up.

#### **TRANSFER OF SHARES**

13. No transfer of any share may be registered without the approval of a member or members holding a majority in nominal value of the issued shares for the time being conferring the right to vote at general meetings of the Company, and the directors shall be bound to approve a transfer which has such approval.

#### **TRANSMISSION OF SHARES**

14. There shall be inserted at the end of Regulation 31 in Table A the following proviso, namely: "provided always that the directors may at any time give notice requiring any such person to elect either to become or to have another person registered as the holder of the share and if the requirements of the notice are not complied with within 90 days the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with".

#### **PROCEEDINGS AT GENERAL MEETINGS**

15. In Regulation 38 in Table A there shall be inserted after the words "giving that right", the following words, namely: "(or such lesser percentage as may be permitted by the Act and agreed by the members)".

16. In Regulation 41 in Table A there shall be inserted after the words "the directors may determine" the following words, namely: "and if at the adjourned meeting such a quorum is not present within half an hour from the time appointed for the meeting, one member present in person or by proxy or (being a corporation) by its duly authorised representative shall be a quorum".
17. A poll may be demanded by any member present in person or by proxy or (being a corporation) by its duly authorised representative. Regulation 46 in Table A shall be construed accordingly.

#### **VOTES OF MEMBERS**

18. Subject to any rights or restrictions as to voting attached to any shares by the terms on which they were issued or by or in accordance with the Articles or otherwise, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly authorised representative not being himself a member entitled to vote, shall have one vote, and on a poll every member who is present in person or by proxy or (being a corporation) is present by its duly authorised representative shall have one vote for every share of which he is the holder.
19. The instrument appointing a proxy shall be in writing in any usual or common form and shall (except in the case of an appointment by telex or a facsimile transmission of an appointment otherwise complying with the requirements of this Article) be executed by the appointor or his attorney duly authorised in writing or in such other form as the directors may approve. A proxy need not be a member of the Company.
20. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is executed, or a notarially certified copy of such power or authority, shall be deposited or received at the office (or at such other place in the United Kingdom as is specified for that purpose in any instrument of proxy sent by the Company in relation to the meeting) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or handed to the chairman of the meeting or adjourned meeting, and, in default, the instrument of proxy shall be invalid.

#### **ALTERNATE DIRECTORS**

21. A director may by written notice signed by him (except in the case of an appointment by telex or a facsimile transmission of an appointment otherwise complying with the requirements of this Article) and deposited or received at the office or received by the secretary or in such other manner as the directors may approve appoint another director or any other person to be and act as his alternate director.
22. Every alternate director shall (subject to his giving to the Company an address within the United Kingdom at which notices may be given to him) be entitled to notice of meetings of the directors or of committees of directors, and to attend and vote as a director at any such meeting at which the director appointing him is entitled to attend and vote but is not personally present and generally at such meeting to exercise all the powers, rights, duties and authorities of the director appointing him. Every alternate director shall also be entitled to sign or, in the case of a telex or facsimile transmission, send on behalf of the director appointing him a resolution in writing of the directors pursuant to Article 36.
23. An alternate director shall neither be an officer of the Company nor entitled to any remuneration from the company for acting as an alternate director.
24. A director may by written notice signed by him or sent by him by telex or facsimile transmission and deposited or received at the office or received by the secretary or in such other manner as the directors may approve at any time revoke the appointment of an alternate director appointed by him.

25. If a director shall cease to hold the office of director for any reason, the appointment of his alternate director shall thereupon automatically cease.

#### **DELEGATION OF DIRECTORS' POWERS**

26. The following words shall be added at the end of the first sentence of Regulation 72 in Table A, namely: "and may also appoint to any such committee persons who are not directors provided that the chairman and a majority of such committee shall be directors".

#### **APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS**

27. A member or members holding a majority in nominal value of the issued shares for the time being conferring the right to vote at general meetings of the Company shall have power from time to time and at any time to appoint any person or persons as a director or directors and to remove from office any director howsoever appointed. Any such appointment or removal shall be effected by an instrument which shall be in writing and shall (except in the case of an appointment or removal by telex or a facsimile copy of an appointment or removal otherwise complying with the requirements of this Article) be executed by the member or members making the same or by their duly authorised attorneys or in such other manner as the directors may approve, and shall take effect upon such appointment or removal being deposited or received at the office or otherwise communicated to the Company at the office or being handed or otherwise communicated to the chairman of a meeting of the directors at which a quorum is present.
28. Without prejudice to Article 27 the Company may by ordinary resolution appoint a person to be a director either to fill a vacancy or as an additional director.

#### **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

29. In Regulation 81 in Table A:
- (a) there shall be inserted after the word "company" in paragraph (d) the following words, namely: ", provided that such action shall be without prejudice to the terms of and to any rights of the company under any contract between the director and the company"; and
  - (b) paragraph (e) shall be deleted.

#### **REMUNERATION OF DIRECTORS**

30. The following sentence shall be added at the end of Regulation 82 in Table A, namely: "Any director who serves on any committee, or who devotes special attention to the business of the company, or who otherwise performs services which in the opinion of the directors are in addition to or outside the scope of the ordinary duties of a director (which services shall include, without limitation, visiting or residing abroad in connection with the company's affairs), may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the directors may determine".

#### **DIRECTORS' APPOINTMENTS AND INTERESTS**

31. In Regulation 84 in Table A there shall be substituted for the words "shall not be subject to retirement by rotation" the following words, namely: "shall be subject to the same provisions as to resignation and removal as other directors of the company".

#### **DIRECTORS' AND EMPLOYEES' GRATUITIES AND PENSIONS**

32. The directors may:

- (a) establish and maintain, or procure the establishment and maintenance of, any share option or share incentive or profit sharing schemes or trusts or any non-contributory or contributory pension or superannuation schemes or funds for the benefit of, and may make or give or procure the making or giving of loans, donations, gratuities, pensions, allowances or emoluments (whether in money or money's-worth) to, or to trustees on behalf of, any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied to or associated with the Company or with any such subsidiary, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid, and to the wives, husbands, widows, widowers, families and dependants of any such persons;
- (b) establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of, or to advance the interests and well-being of the Company, or of any such other company as aforesaid, or of any such persons as aforesaid;
- (c) make payments for or towards policies of assurance on the lives of any such persons and policies of insurance for the benefit of or in respect of any such persons (including insurance against their negligence or breach of duty to the Company) as aforesaid;
- (d) pay, subscribe or guarantee money to or for any charitable or benevolent objects, or for any exhibition, or for any political, public, general or useful object; and
- (e) do any of the above things either alone or in conjunction with any such other company as aforesaid.

Subject always, if the Act shall so require, to particulars with respect to the proposed payment being disclosed to the members of the company and to the payment being approved by the company, any director shall be entitled to participate in and retain for his own benefit any such loan, donation, gratuity, pension, allowance or emolument.

#### **PROCEEDINGS OF DIRECTORS**

33. In Regulation 88 in Table A there shall be substituted for the third sentence the following sentences, namely: "Every director shall be given not less than 48 hours' notice of every meeting of the directors, such notice to be sent to such address as is notified by him to the company for this purpose or otherwise communicated to him personally. Any director may by notice to the company either before or after the meeting waive his right to receive notice of the meeting and any director who either:

- (a) is present at the commencement of a meeting whether personally or by his alternate director; or
- (b) does not, within seven days following its coming to his attention that a meeting has taken place without prior notice of such meeting having been given to him pursuant to this Regulation, notify the company that he desires the proceedings at such meeting to be regarded as a nullity,

shall be deemed hereafter to have waived his right to receive notice of such meeting pursuant to this Regulation".

34. In Regulation 89 in Table A there shall be substituted for the final sentence the following sentence, namely: "A person attending a meeting of the board of directors, who is acting as an alternate director for one or more directors shall be counted as one for each of the directors for whom he is so acting and, if he is a director, shall also be counted as a director, but not less than two individuals constitute a quorum".

35. A meeting of the board of directors may consist of a conference between directors some or all of whom are in different places if each director who participates is able:

- (a) to hear each of the other participating directors addressing the meeting; and
- (b) if the director so wishes, to address all of the other participating directors simultaneously,

whether directly, by conference telephone or any other form of communications equipment (whether in use when these Articles are adopted or developed subsequently) or by a combination of these methods. Each director so participating in a meeting is deemed to be "present" at that meeting for the purpose of these Articles. A quorum is deemed to be present if those conditions are satisfied in respect of at least the number of directors required to form a quorum. A meeting held in this way is deemed to take place at the place where the largest group of participating directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

36. A resolution in writing of all the directors or all the members of a committee of directors shall be as effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held either:

- (a) if it consists of an instrument executed by or on behalf of each such director or committee member; or
- (b) if it consists of several instruments in the like form each either:
  - (i) executed by or on behalf of one or more of such directors or committee members; or
  - (ii) sent by or on behalf of one or more of such directors or committee members by telex or facsimile transmission and deposited or received at the office or received by the secretary.

37. In Regulation 97 in Table A:

- (a) there shall be inserted after the words "the appointment" the following words, namely: "or the terms of appointment"; and
- (b) the following words shall be deleted, namely: "and be counted in the quorum" and there shall be inserted after the words "his own appointment" the following words, namely: "and shall be counted in the quorum in respect of each resolution including that concerning his own appointment, and Regulation 95 shall be construed subject to this provision".

#### **DIRECTORS' CONFLICTS OF INTERESTS**

38. The directors may, in accordance with the requirements set out in these Articles 38-44 (inclusive), authorise any matter proposed to them by any director which would, if not authorised, involve a director breaching his duty under section 175 of the Companies Act 2006 to avoid conflicts of interest (**Conflict**).

39. Any authorisation under Article 38 will be effective only if:

- (a) the matter in question shall have been proposed by any director for consideration at a meeting of directors in the same way that any other matter may be proposed to the directors under the provisions of these articles or in such other manner as the directors may determine;

- (b) any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question; and
  - (c) the matter was agreed to without his voting or would have been agreed to if his vote had not been counted.
- 40. Any authorisation of a matter under Article 38-44 may (whether at the time of giving the authority or subsequently):
  - (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;
  - (b) be subject to such terms and for such duration, or impose such limits or conditions as the directors may determine;
  - (c) be terminated or varied by the directors at any time.

This will not affect anything done by the director prior to such termination or variation in accordance with the terms of the authorisation.

41. In authorising a Conflict the directors may decide (whether at the time of giving the authority or subsequently) that if a director has obtained any information through his involvement in the Conflict otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person the director is under no obligation to:

- (a) disclose such information to the directors or to any director or other officer or employee of the company;
- (b) use or apply any such information in performing his duties as a director;

where to do so would amount to a breach of that confidence.

42. Where the directors authorise a Conflict they may provide, without limitation (whether at the time of giving the authority or subsequently) that the director:

- (a) is excluded from discussions (whether at meetings of directors or otherwise) related to the Conflict;
- (b) is not given any documents or other information relating to the Conflict;
- (c) may or may not vote (or may or may not be counted in the quorum) at any future meeting of directors in relation to any resolution relating to the Conflict.

43. Where the directors authorise a Conflict:

- (a) the director will be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the Conflict;
- (b) the director will not infringe any duty he owes to the company by virtue of sections 171 to 177 of the Companies Act 2006 provided he acts in accordance with such terms, limits and conditions (if any) as the directors impose in respect of its authorisation.

44. A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions

attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

#### **DIRECTORS' DECLARATION OF INTERESTS**

45. A director who is in any way, whether directly or indirectly interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the Companies Acts.
46. ~~A director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the Companies Acts, unless the interest has already been declared under Article 45.~~
47. Subject, where applicable, to the disclosures required under Articles 45 and 46, and to any terms and conditions imposed by the directors in accordance with Article 40, a director shall be entitled to vote in respect of any proposed or existing transaction or arrangement with the Company in which he is interested and if he shall do so his vote shall be counted and he shall be taken into account in ascertaining whether a quorum is present.
48. A director need not declare an interest under Articles 45 and 46 as the case may be:
- (a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
  - (b) of which the director is not aware, although for this purpose a director is treated as being aware of matters of which he ought reasonably to be aware;
  - (c) if, or to the extent that, the other directors are already aware of it, and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware; or
  - (d) if, or to the extent that, it concerns the terms of his service contract that have been, or are to be, considered at a board meeting.

#### **MINUTES**

49. The directors shall cause minutes to be made in books kept for the purpose:
- (a) of all appointments of officers and alternate directors made by the directors; and
  - (b) of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, of the directors, and of committees of directors, including the names of the persons present at each such meeting.

#### **THE SEAL**

50. In Regulation 101 of Table A, there shall be substituted for the first sentence the following sentence, namely: "The company need not have a seal but if the company does have a seal, the seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors."
51. The Company is authorised pursuant to section 39 of the Companies Act 1985 for so long as its objects require or comprise the transaction of business in foreign countries to have an official seal for use in any territory, district, or place elsewhere than in the United Kingdom.



## NOTICES

52. In Regulation 112 of Table A, the final sentence shall be deleted and the following words shall be inserted at the end of the first sentence, namely: "or by sending it by telex or facsimile transmission to such telex or facsimile number as the member shall have given to the company for the purpose."
53. In Regulation 115 of Table A, there shall be inserted:
- (a) after the words "prepaid and posted" the following words, namely: "or that a notice was properly sent by telex or facsimile transmission"; and
  - (b) after the words "it was posted" the following words, namely: "or after the time at which it was sent by telex or facsimile transmission".

## INDEMNITY

54. Subject to the provisions of the Act, every director, other officer or auditor of the Company or person acting as an alternate director shall be entitled to be indemnified out of the assets of the company against all costs, charges, expenses, losses or liabilities which he may sustain or incur in or about the execution of his duties to the Company or otherwise in relation thereto.