

**CHARTER OF THE RISK COMMITTEE  
OF  
THE BOARD OF DIRECTORS  
OF  
ENDURANCE SPECIALTY HOLDINGS LTD.**

**(ADOPTED AS OF AUGUST 8, 2013)**

**I. AUTHORITY**

The Risk Committee (the "Committee") of the Board of Directors (the "Board") of Endurance Specialty Holdings Ltd. (the "Company") is established pursuant to the Company's Bye-Laws.

**II. PURPOSE OF THE COMMITTEE**

The purposes of the Committee shall be to review and evaluate the risks to which the Company is exposed, as well as to monitor and oversee the guidelines and policies that govern the process by which the Company assesses and manages its exposure to risk.

**III. COMPOSITION OF THE COMMITTEE**

The Committee shall be comprised of three or more directors. The members of the Committee shall be elected annually to one-year terms by the affirmative vote of a majority of the Board members at the first meeting of the Board to be held following the annual general meeting of shareholders or as soon thereafter as practicable. Vacancies on the Committee shall be filled by like vote of the Board at the next meeting of the Board following the occurrence of the vacancy or as soon thereafter as practicable. A member may be removed from the Committee at any time, with or without cause, by like vote of the Board. The Chairperson of the Committee shall be designated by the Board, *provided* that if the Board does not so designate a Chairperson, the members of the Committee, by majority vote, may designate a Chairperson.

**IV. MEETINGS AND PROCEDURES OF THE COMMITTEE**

The Committee shall fix its own rules of procedure, which shall be consistent with the Bye-Laws of the Company and this Charter. The Committee shall establish a regular meeting schedule and shall meet with such frequency and at such intervals as it shall determine necessary to carry out its duties and responsibilities, but in no event fewer than two times annually. The Chairperson of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee. The Committee shall meet at least annually with the Company's Chief Executive Officer and Chief Risk Officer in separate executive sessions to discuss any matters that the Committee or each of these groups or persons believe should be discussed privately. The Chairperson should

work with the Chief Risk Officer and management to establish the agendas for Committee meetings.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. All actions of the Committee will require the vote of a majority of its members present at a meeting of the Committee at which a quorum is present. The Committee shall maintain minutes of its meetings, as well as records of the Committee's activities in carrying out its duties, and will provide copies of such minutes and records to the Board and shall regularly report on its actions to the Board.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; *provided, however*, that no subcommittee shall consist of fewer than two members; and *provided further* that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

The Committee shall have access to any of the books and records of the Company that the Committee shall consider relevant to carrying out its duties. The Committee, in its discretion, may require any officer or employee of the Company to attend meetings (or portions thereof) of the Committee and provide to it any information available to the Company relevant to the Committee's activities, except as the Board may otherwise direct.

## **V. COMMITTEE RESPONSIBILITIES**

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions.

While there is no "blueprint" to be followed by the Committee in carrying out its duties and responsibilities, the Committee shall have the following goals and responsibilities with respect to the Company's risk management practices:

(a) to review and approve on a periodic basis the Company's framework for the assessment and management of risk, including the definition of applicable categories of risk, standards in relation to each category of risk and appropriate risk tolerances;

(b) to review and approve periodically policies and guidelines governing the Company's framework for the assessment and management of risk;

(c) to review and approve periodically the level of risk assumed by the Company in its underwriting, investment and operational activities and the methods by which such risk is measured;

(d) to monitor on an ongoing basis the guidelines and policies that govern the process by which the Company's exposure to risk is assessed and managed by management;

(e) to monitor on an ongoing basis the Company's major risk exposures and the steps that the Company's management has taken to monitor and control such exposures;

(f) to evaluate the Company's business plans, projections and performance relative to the level of risk associated with such plans, projections and performance;

(g) to report regularly, as appropriate, to the Board on its activities. In connection therewith, the Committee should review with the Board any issues that arise with respect to items (a) through (f) above; and

(h) perform such other responsibilities regarding the Company's risk exposures, risk management activities, risk management policies or other matters as the Board may from time to time assign the Committee.

**With respect to the duties and responsibilities listed above, the Committee should:**

1. Report regularly to the Board on its activities, as appropriate;
2. Exercise reasonable diligence in gathering and considering all material information;
3. Understand and weigh alternative courses of conduct that may be available;
4. Focus on weighing the benefit versus harm to the Company and its shareholders, insureds and reinsureds when considering alternative recommendations or courses of action; and
5. Provide management with appropriate opportunities to meet privately with the Committee.

## **VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary for the proper performance of its responsibilities. The Committee shall have the sole authority to retain or terminate any consultant or advisor retained at the direction of the Committee to assist the Committee in carrying out its responsibilities, including sole authority to approve the fees or other compensation, and other retention terms, of such consultant or advisor, such fees or other compensation to be borne by the Company.

## **VII. EVALUATION OF THE COMMITTEE'S PERFORMANCE**

The Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information received by the Committee and presented by the Committee to the Board, and the adequacy of the Committee's deliberations regarding the matters reported to and acted upon by the Committee and of the deliberations of the Board regarding the matters reported to and recommended to the Board by the Committee. The Committee shall deliver to the Board a report setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

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