

## CHARTER OF THE RISK COMMITTEE

This Charter of the Risk Committee (the “Committee”) has been adopted by the Board of Directors (the “Board”) of Validus Holdings, Ltd. (the “Company”).

### A. Purpose

The purpose of the Committee shall be to oversee the risk management and underwriting functions and activities of the Company.

### B. Risk Management Duties and Responsibilities

In furtherance of the Committee’s oversight of the risk management function of the Company, the Committee shall have the following duties and responsibilities:

1. Oversight of ongoing and effective implementation and adoption of risk management processes and policies
2. Annual approval of the Group’s Risk Management Framework including Risk Governance
3. Annual review of all risk policies to ensure that they are fit for purpose
4. Annual approval of the Group’s Risk Appetite Statement and Risk Limits. This includes limits for underwriting, investment, operational, business and any other risks, such as counterparty risk limits
5. Review of all material breaches and appropriateness of the respective remediation plans
6. Annual review of breaches to the Budgeted Plan with respect to the Risk Appetite Statement
7. Review risk assessments relating to new lines of business
8. Review risk assessments relating to M&A transactions
9. Review of all RDS on a semi-annual basis
10. Review of all PML’s on a quarterly basis
11. Annual review and sign-off of Group Solvency Self-Assessment (“GSSA”)
12. Review all reports and recommendations from the Group Risk Management Committee in relation to Group’s management of risk
13. Ensure, at least on an annual basis, that each of the Operating Companies are in compliance with all relevant regulatory requirements and that the required actions are taken in order for the Operating Company and its subsidiaries and branch offices to remain in compliance with such requirements
14. Review risk specific material for Rating Agencies and external stakeholders
15. Provide risk oversight and challenge of all key business decisions and Strategic plans within the Company
16. Review of Strategic Capital Allocation and its incorporation into Underwriting Business Plan
17. Consult with the Chair of the Finance Committee on the Group Investment Policy and Investment Risk, including the company’s Strategic Asset Allocation Plan relating to equity, alternative and other investments, and any breaches relative to the plan.
18. Consult with the chair of the Audit Committee on risks identified from actuarial reports and processes.

### **C. Underwriting Duties and Responsibilities**

In furtherance of the Committee's oversight of the Underwriting function of the Company, the Committee shall have the following duties and responsibilities:

1. Approval of annual business plans and material changes thereto, including written and ceded premium budgets, profit and loss projection statements, pricing and concentration strategies.
2. Approval of all material changes to existing underwriting guidelines.
3. Approval of all material changes to Reinsurance purchasing guidelines, and reinsurance expenditures in excess of ceded premium budgets.
4. Work with management to analyze meaningful extensions to current lines of business being offered. Additionally, work with management in the analysis of new lines of business outside the business plan, subject to board approval.

#### **Receive and Review**

- 1) Periodic review of underwriting authorities within all Operating Companies including but not limited to the Chief Underwriting Officer or functional equivalent (Validus Re and Western World), Director of Underwriting (Talbot), Named Underwriter (Talbot) and Operating Company CEO's
- 2) All individual underwriting decisions outside the Chief Underwriting Officer's or functional equivalent (of Validus Re and Western World), Director of Underwriting (Talbot), Named Underwriter (Talbot) and Operating Company CEO's respective authority
- 3) Underwriting reports, inclusive of the following:
  - a. Quarterly and year-to-date premium production by line of business and contract type.
  - b. Quarterly and year-to-date comparisons of premium and priced loss ratios against annual business plans
  - c. Quarterly and year-to-date new vs. renewal business report when appropriate.
  - d. Quarterly and year-to-date individual losses in excess of \$5m (cat losses should be reported as a single entry) or USD equivalent
  - e. Quarterly and year-to-date broker premium production quarterly and year-to-date profitability and pricing comparisons on a gross and net basis  
Upon completion of Re-Caps, a quarterly review of reinsurance purchases including ceded premiums, loss ratios, expected ceded profit, volatility with and without reinsurance, efficient frontier analysis, and other metrics at management's discretion
  - f. Underwriting results by underwriting year or year of account by line of business on both a gross and net basis
- 4) All energy, construction, and treaty reinsurance risks written without the sign-off of the applicable practice group leaders or appropriate practice group personnel including limits, premium, priced loss ratio and reason for exception
- 5) Updates on underwriting system changes, developments
- 6) Major underwriting staff changes, promotions, additions

### **D. Outside Advisors**

The Committee shall have access to and authority to retain independent advisors, including legal counsel, external auditors and financial advisors, if and when it deems necessary to perform its duties. The Risk Committee may retain these advisors without seeking Board approval and may approve related fees and

retention terms. The Risk Committee will notify the Board of such actions and provide updates to the Board as appropriate.

#### **E. Membership**

The Committee shall consist of no fewer than three (3) Directors, as determined by the Board. A majority of the members of the Committee shall be Non-Executive Directors.

The Committee Members shall be appointed annually by a majority vote of the Board on the recommendation of the Corporate Governance and Nominating Committee. The Committee Members may be removed by a majority vote of the Board.

#### **F. Chairperson**

The Committee shall include a Chairperson who shall be appointed by a majority vote of the Board.

The Committee Chairperson shall be entitled to chair all regular sessions of the Risk Committee and cast a vote to resolve any ties.

#### **G. Meetings**

The Committee shall meet at least one (1) time per quarter or more frequently as circumstances dictate. All Committee Members are expected to attend meetings.

The Committee Chairperson may call a Committee meeting upon due notice to each other Committee member at least twenty-four (24) hours prior to the meeting.

The Chairperson and the Chief Risk Officer shall have regular meetings to ensure that priorities for the risk function and any areas of concern are clearly identified and addressed. Any Member of the Committee may meet with the Chairperson to deal with matters that fall within the remit of the Committee.

#### **H. Quorum**

A majority of Committee Members, acting in person or by duly authorized representative, shall constitute a quorum. The Committee shall act by majority vote.

#### **I. Actions**

The Chairperson is responsible for reporting actions and recommendations to the Board after each Committee meeting.

#### **J. Records**

The Committee meetings shall follow a set agenda established by the Committee Chairperson in consultation with the Chairperson of the Board.

The Corporate Secretary shall be responsible for maintaining Minutes and other applicable records of each Committee meeting.

#### **K. Review and Changes to the Charter**

The Chairperson shall review this charter on an annual basis and recommend any changes to the Risk Committee.