

## 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 ensure the efficacy of the Company’s risk management philosophy and strategy and the effectiveness and completeness of its risk management processes and controls.

### B. Risk Management Duties and Responsibilities

The Committee shall have the following duties and responsibilities in furtherance of its purpose:

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 pertinent 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 to remain in compliance with such requirements
14. Approve all material changes to existing risk limits and appetites
15. Review of Strategic Capital Allocation for the Company and its subsidiaries
16. Consult with the Chair of the Finance Committee on the Group Investment Policy and Investment Risk, including the company’s Strategic Asset Allocation Plan and any breaches relative to the plan.
17. Consult with the chair of the Audit Committee on risks identified by the Audit Committee from actuarial reports and processes.

### **C. 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/class of business
  - 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. Underwriting results by underwriting year or year of account by line of business on both a gross and net basis
- 4) Updates on material underwriting system changes, developments
- 5) Major underwriting staff changes

### **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 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.

### **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 Board.