

Blue Capital Reinsurance Holdings Ltd.

Charter of the Audit Committee

I. Audit Committee Purpose

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Blue Capital Reinsurance Holdings Ltd. (the “Company”) is appointed pursuant to Bye-law 35 of the Company’s Bye-laws to assist the Board in fulfilling its oversight responsibilities. The Committee’s primary duties and responsibilities are to:

- Monitor the integrity of the Company’s financial statements accounting and financial reporting process and systems of internal controls regarding finance, accounting, regulatory, compliance and legal compliance.
- Monitor the Company’s compliance with legal and regulatory requirements.
- Monitor the independence and qualifications of the Company’s independent auditors.
- Monitor the performance of the Company’s independent auditors.
- Monitor the performance of the Company’s outsourced internal audit function and, to the extent that the Company desires to establish an in-house audit function, assist Board oversight regarding the implementation of such in-house audit function.
- Oversee the review of internal audit activities that are designed to provide management and the Committee with assessments of the Company’s risk management processes and internal control systems.
- Provide an avenue of communication among the independent auditors, management and the Board.
- Prepare the Committee’s report as required by the United States Securities and Exchange Commission (the “SEC”).

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Committee has the ability to retain, at the Company’s expense (and the Company shall ensure appropriate funds), special legal, accounting or other consultants or experts it deems necessary or advisable in the performance of its duties. The Committee is authorized to secure the attendance of external advisers at its meetings if it considers this necessary provided that in retaining any such consultants, legal counsel or other advisors, the Committee shall take into consideration factors identified by the U.S. Securities and Exchange Commission or the NYSE affecting the independence of such consultants, legal counsel or other advisors, as required by Section 10C of the U.S. Securities Exchange Act of 1934, as amended, or any requirements set forth by the NYSE. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it to fulfill its obligations. If a decision is made to engage such advisers or consultants, the Committee shall have the sole authority to retain and terminate them, and to approve their fees, the payment of

which shall be undertaken by the Company, and other retention terms. Although the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits.

II. Audit Committee Composition, Qualification and Meetings

Committee members shall meet the applicable independence requirements set forth by the New York Stock Exchange (the "NYSE") and the rules of the SEC. The Committee shall be comprised of no fewer than three directors. Committee members shall monitor compliance with such requirements and report to the Chairman of the Board any relationships or transactions that may cause such member to no longer meet the required definition of "independence".

All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand financial statements including balance sheets, income statements and cash flow statements.

The determination of any member's qualification to serve on the Committee, including assessments of financial literacy, accounting or related accounting or financial management expertise, shall be made by the Board in accordance with the applicable requirements and definitions in the SEC rules and regulations and those of the NYSE.

At least one Committee member shall have accounting or related financial management expertise and at least one Committee member, unless otherwise disclosed, shall be an "audit committee financial expert" as such term is defined by the rules promulgated by the SEC. For the avoidance of doubt, a Committee member who meets the requirements of an "audit committee financial expert" shall be deemed to have the requisite accounting or related financial management expertise.

A Committee chair ("Committee Chair") and Committee members shall be appointed annually by the Board by the affirmative votes of a majority of the votes cast at a meeting of the Board and may be removed by the Board. The quorum necessary for the transaction of business at a Committee meeting shall be two Committee members. Actions taken by the Committee shall require the affirmative votes of a majority of the votes cast by the Committee members present at any meeting.

Due to the Committee's demanding role and responsibilities, each Committee member, prior to his or her appointment, should carefully evaluate the existing demands on his or her time before accepting such appointment. No director shall serve on the Committee if such director serves on the audit committee of more than two (2) other public companies, unless the Board determines that such service does not impair the ability of such member to serve on the Committee and such determination is disclosed in the Company's annual proxy statement.

The Committee shall convene at least four times annually, or more frequently as circumstances dictate. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. Periodically, the Committee shall meet privately and separately in executive sessions with management, the internal

auditors and the independent auditors, and as a Committee, to discuss any matters that the Committee or each of these groups believes should be discussed. The Committee must also report regularly to the Board with respect to any issues that arise from (i) the quality or integrity of the Company's financial statements, (ii) the Company's compliance with legal or regulatory requirements, (iii) the qualifications, performance and independence of the independent auditors or (iv) the performance of the internal audit function.

The Committee may form and delegate authority to sub-committees of the Committee consisting of one or more members or the Committee Chair when appropriate, with respect to granting pre-approvals of audit and permitted non-audit services, provided that decisions of such sub-committees to grant pre-approvals shall be presented to the full Committee and ratified by the Committee at its next scheduled meeting.

III. Audit Committee Responsibilities and Duties

The Committee's responsibilities and duties are set forth below. The Committee shall:

Review Procedures

1. Review and reassess the adequacy of this Charter at least annually. Submit this Charter to the Board for approval and have this Charter made publicly available on the Company's website in accordance with regulations set forth by the SEC and NYSE.
2. Meet regularly (and, in any event, no less than quarterly) in separate sessions with (a) the management of the Company, (b) the Company's internal auditors (or other personnel responsible for the internal audit function) and (c) the independent auditors.
3. Prior to filing or distribution, review with management and the independent auditors the Company's quarterly and annual results prior to the release of earnings, the Company's quarterly financial statements and the Company's annual audited financial statements, including the Company's disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the selection, application and disclosure of critical accounting policies. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with Statement of Auditing Standard No. 61, as codified by the Interim Auditing Standards Section 380 and as amended and supplemented. Based on the results of this review, communicate to the Board the Committee's conclusion on whether the annual audited financial statements should be included in the Company's Annual Report on Form 10-K.
4. Discuss with management and the independent auditors and assess at least annually whether, based on management's review, the Company's internal control over financial reporting provides reasonable assurance regarding the

reliability of financial reporting and preparation of financial statements. In such review and in reporting to the Board, the Committee shall consider any issues raised by management in its internal control report and any disclosures by management with respect to deficiencies in the internal control over financial reporting or any fraud, whether or not material, by management or any other employee having a significant role in the Company's internal controls, as well as any reports or reviews from the independent auditors on the Company's internal control over financial reporting. The Committee shall also review any special audit steps adopted as a result of any material internal control deficiencies.

5. In connection with the preparation of the financial statements, review analyses prepared by management and/or the independent auditors with respect to significant financial reporting issues and judgments made in connection therewith. In addition, such review shall include discussions of all alternative methods of treating financial information within GAAP that have been discussed among management and the independent auditors, the ramifications of the use of such alternative disclosures and methods and the method preferred by the independent auditors.
6. Review the effect of new regulatory and accounting initiatives on the Company's financial statements.
7. Review the effect of off-balance-sheet structures on the Company's financial statements.
8. Discuss with management and review earnings press releases (including the type and presentation of information to be included in earnings press releases, with particular attention to "pro forma" or "adjusted" non-GAAP measures), as well as generally the types of financial information and earnings guidance to be provided to analysts and rating agencies.

Independent Auditors

9. Review the performance of the independent auditors and shall be directly responsible for (i) the oversight of the work of, and pre-approval of the services provided by, the Company's independent auditors, (ii) the selection of the independent auditing firm for the members of the Company to appoint, or re-appoint, in accordance with and so long as required by Bermuda law, (iii) the retention of the independent auditors, in accordance with Bermuda law, and (iv) the determination of the compensation and terms of engagement of the Company's independent auditors (and the Company shall ensure sufficient funding for such compensation) to be approved by the members of the Company, in accordance with and so long as required by Bermuda law. The independent auditors shall report directly to the Committee.
10. Consider the audit fees payable to the independent auditors, and upon the acceptance of the Committee shall submit such fees for the approval of the Company's members, in accordance with and so long as required by Bermuda law. The Committee shall approve any other fees payable to independent auditors in respect of non-audit activities and, unless properly

delegated beforehand to a sub-committee or the Committee Chair, must pre-approve in advance all permitted non-audit work to be performed by the independent auditors.

11. At least annually, obtain and review a report by the independent auditors describing (i) the firm's internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues and (iii) (to assess the auditor's independence) all relationships between the independent auditor and the Company, including the matters covered by the Public Company Accounting Oversight Board (the "PCAOB").
12. After reviewing the foregoing report and the independent auditors' work throughout the year, evaluate the independent auditors' qualifications, performance and independence. This evaluation shall include the review and evaluation of the lead partner of the independent auditors. In making its evaluation, the Committee may take into account the opinions of management and the Company's internal auditors (or other personnel responsible for the internal audit function) and shall take appropriate action in response to the independent auditors' report and the opinions of those the Committee consults to satisfy itself of the independent auditors' independence and adequate performance. The Committee should further consider whether, in order to assure the continuing independence of the independent auditors, there should be regular rotation of the lead audit partner (in addition to what may already be required by law or regulation) or of the independent audit firm.
13. Establish clear hiring policies for employees or former employees of the independent auditors.
14. Review the independent auditors' audit plan – including scope, staffing, locations, reliance upon management, the general audit approach and the findings and recommendations of the independent auditors, and management's response and implementation of such recommendations.
15. Review with the independent auditors any audit problems or difficulties the independent auditors encountered in the course of the audit work and management's response thereto, and consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

Legal Compliance

16. As appropriate, review with the Company's counsel (if so requested by the Committee) any legal matters that could have a significant impact on the Company's financial statements or compliance with applicable laws and regulations, and review inquiries received from regulators or governmental agencies.

17. Investigate any assertions of improper influence on the independent auditors by any officers or directors of the Company or any person acting under their direction.
18. Investigate and address reports of evidence of a material violation of securities laws or breaches of fiduciary duties, if such reports have been referred to the Committee for its assessment.
19. Establish appropriate procedures, and shall evaluate the effectiveness of such procedures, for the receipt, retention and treatment of complaints received by the Company relating to accounting, internal accounting controls or auditing matters of the Company.
20. Establish procedures to ensure that submissions by Company employees relating to the Company's alleged questionable accounting or auditing matters shall be treated confidentially and anonymously.

Code of Conduct

21. Develop and oversee compliance with the Company's Code of Conduct and Ethics (the "Code of Conduct"), including corporate opportunities and conflicts policies.
22. On an annual basis, review and assess the adequacy of the Company's Code of Conduct and recommend changes to the Board as necessary.
23. Review requests from directors and executive officers of the Company for waivers from the Company's Code of Conduct, make recommendations to the Board with respect to such requests and review any required disclosures relating to such waivers.
24. Ensure that the directors voting on an issue are informed, disinterested and independent with respect to the applicable issue.
25. Determine whether the transaction or course of dealing may be continued, including through an express approval or disapproval and any other course of action, where the Committee determines that a conflict of interest or corporate opportunity exists.

Other Audit Committee Responsibilities

26. Review, or oversee the review of, internal audit functions that are designed to provide management and the Committee with assessments of the Company's risk management processes and internal control systems.
27. Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

28. Maintain minutes of meetings and regularly report to the Board on significant results of the foregoing activities.
29. Review and oversee internal procedures developed by management with respect to disclosure controls and procedures used to collect, process and disclose in a timely manner information required in the Company's periodic and current reports.
30. If the internal audit function is outsourced to a third party, review and approve the appointment of such third party service provider, and consider and determine any proposal by management to terminate the Company's contract with such third party service provider.
31. Keep current with new accounting and reporting standards promulgated by the PCAOB, the Financial Accounting Standards Board (the "FASB"), the SEC and other relevant accounting standard setting bodies.
32. Review and approve or ratify any related person transaction that must be disclosed under the rules and regulations of the SEC according to the guidelines set out in the Company's written related person transaction policy. For purposes of this requirement, the terms "transaction" and "related person" shall have the meaning contained in item 404 of Regulation S-K.

In the course of its review, the Committee shall consider:

- the nature of the related person's interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of the transaction;
- whether the transaction would impair the judgment of a director or executive officer in acting in the best interests of the Company;
- the importance of the transaction to the related person; and
- any other matters the Committee deems appropriate.

Any member of the Committee who is a related person with respect to a transaction under review may not participate in the deliberations or any vote respecting approval or ratification of the transaction; provided, however, that such director may be counted in determining the presence of a quorum at a meeting of the Committee that considers the transaction.

33. Evaluate the performance of the Committee on an annual basis, including an evaluation of its compliance with this Charter. The Committee shall report to the Board on its self-evaluation and recommend to the Board any necessary changes to this Charter.