
OMEGA INSURANCE HOLDINGS LIMITED

**TERMS OF REFERENCE OF NOMINATION
COMMITTEE**

As adopted on 16 September 2006, and amended by
Board Resolution on 13 July 2007 and 22 May 2009

Dewey & LeBoeuf
No.1 Minster Court
Mincing Lane
London EC3R 7YL

Omega Insurance Holdings Limited
(the "Company")

Nomination Committee
Terms of Reference

On 6 September 2006, pursuant to the Bye-laws of the Company, the Board of Directors (the "**Board**") resolved to establish a Nomination Committee of the Board (the "**Committee**"). These Terms of Reference were adopted by the Board on 16 September 2006, and amended by Board Resolution on 13 July 2007 and 22 May 2009.

1. Combined Code

- 1.1 The Combined Code on Corporate Governance published in June 2008 by the Financial Reporting Council (the "**Combined Code**") states that: "*There should be a formal, rigorous and transparent procedure for the appointment of new directors of the board*".
- 1.2 It further provides that: "*There should be a nomination committee which should lead the process for board appointments and make recommendations to the board*".
- 1.3 In addition to acting in accordance with the above stated main principles of the Combined Code, the Committee shall have due regard to the related supporting principles and code provisions of the Combined Code.
- 1.4 The Company will provide each Member of the Committee with a copy of the Combined Code.
- 1.5 The current terms of reference of the Committee will be published on the Company's website and will also be available on request from the Company Secretary.

2. Membership

- 2.1 The Committee shall be appointed by the Board and shall consist of the Chairman and not less than one Non-executive Director and the Chief Executive Officer provided that at all times a majority of the members of the Committee shall be Non-executive Directors¹. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided that new applicants shall be made with the aim of achieving footnote 1.
- 2.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. A quorum shall be two members.
- 2.3 The Chairman of the Committee shall be the Chairman of the Company or an independent Non-executive Director appointed by the Board. In the absence of the Committee Chairman, the remaining members shall elect one of themselves to chair

¹ It is proposed that by 31 December 2010, the membership of the Committee is altered so that the Committee consists of a majority of independent Non-executive Directors.

the meeting from amongst the members of the Committee who are independent Non-executive Directors. The Chairman of the Company shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

- 2.4 Only members of the Committee have the right to attend Committee meetings. The Committee may invite other Directors and employees of the Company and its subsidiaries and external advisers to attend its meetings as it considers necessary for its effective operation, but in the event of a vote, such persons shall not be entitled to vote.
- 2.5 The Company Secretary or in his or her absence, a person appointed by the Committee, shall be the Secretary of the Committee. The Secretary will keep a record of the membership of the Committee and of the dates of changes to the membership.
- 2.6 No Director may participate in any decision regarding his or her own position. When any decision is being made regarding the Chairman of the Committee's position, the Committee shall appoint a chairman for such item from amongst the Non-executive Director members of the Committee who are present or, if none is present, from amongst its other members.

3. Authority

- 3.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee of the Company and its subsidiaries in order to perform its duties as well as to require the attendance at any of its meetings of any director, member of management or other employee. All such employees are directed to co-operate with any request made by the Committee.
- 3.2 The Committee is authorised by the Board (subject first to informing the Board of its intention to do so) to obtain outside legal or other independent professional advice at the Company's expense if it considers this necessary and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

4. Duties

- 4.1 The Committee members are reminded of the overarching legal duties and responsibilities that they have as directors of the Company under the Bermuda Companies Act 1981. In addition, they have the following specific duties as regards their membership of the Committee. In carrying out these specific duties, the Committee should keep in mind the Main Principle at A.4 of the Combined Code referred to in paragraph 1 of these terms of reference that "*There should be a formal, rigorous and transparent procedure for the appointment of new directors to the Board*" as well as Code Provision A.4.1 which provides that "*There should be a nomination committee which should lead the process for board appointments and make recommendations to the board*".
- 4.2 The Committee shall:

- 4.2.1 regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- 4.2.2 give full consideration to succession planning for both executive and non-executive directors (and in particular the key role of chairman and chief executive) in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future;
- 4.2.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies or as additional appointments;
- 4.2.4 before recommending an appointment, evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- 4.2.5 consider candidates from a wide range of backgrounds and look beyond the obvious types of candidate. The Committee may use open advertising or the services of external advisers to facilitate the search. The Committee shall consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- 4.2.6 review annually the time required from each Non-executive Director, according to their particular committee appointments and any other specific role. Performance evaluation shall be used to assess whether the Non-executive Director is spending enough time to fulfil their duties;
- 4.2.7 keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 4.2.8 ensure an appropriate statement is made in the annual report about:
 - (i) its activities, including the process it has used in relation to Board appointments, and an explanation given if neither an external search consultancy nor open advertising had been used in the appointment of the Chairman of the Company or a Director; and
 - (ii) the membership of the Committee, number of Committee meetings and attendance over the course of the year.
- 4.2.9 ensure that on appointment to the Board, Non-executive Directors receive a formal letter of appointment to the Board setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings; ensure that such letter is updated as circumstances change; and instruct the Secretary to make the current version of each such letter available for inspection by any person at the Company's registered office during normal business hours and at the Annual General Meeting (for 15 minutes prior to the meeting and during the meeting);

- 4.2.10 for the appointment of chairman of the Company, prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. Similar information should be prepared for the appointment of other directors. A candidate's other significant commitments should be disclosed to the Board before appointment (and also included in the annual report); and
- 4.2.11 ensure that new Directors receive a full, formal and tailored induction on joining the Board (in accordance with the Combined Code provision A5.1).
- 4.3 In addition, the Committee shall make recommendations to the Board:
- 4.3.1 as regards the re-appointment of any Non-executive Director at the conclusion of his or her specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - 4.3.2 concerning the re-election by shareholders of any Director under the retirement provisions in the Company's Bye-laws and in the Combined Code having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - 4.3.3 concerning any matters relating to the continuation in office or termination in office of any Director at any time;
 - 4.3.4 concerning the appointment and re-appointment of, and changes in, the members of each of the Audit, Remuneration, Investment and Nomination Committees, in consultation with the Chairmen of those committees. In deciding chairmanship and membership of each of these Committees, the value of ensuring that Committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account;
 - 4.3.5 concerning suitable candidates for the role of senior independent director;
 - 4.3.6 concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the Company subject to the provisions of the law and their service contract; and
 - 4.3.7 concerning the appointment of any Director to executive or other office unless, in the case of the positions of either Chairman of the Company or Chief Executive Officer, the Board decides to consider the matter itself without requesting such recommendation from the Committee.

5. Reporting Responsibilities

- 5.1 The Chairman of the Committee will report to the Board on significant matters considered, recommended or decided by the Committee.
- 5.2 The Committee shall make whatever recommendations to the Board it deems

appropriate on any area within its remit where action or improvement is needed.

- 5.3 The Secretary of the Committee shall minute the proceedings of all meetings of the Committee including a record of the names of those present. The minutes, but not necessarily all the related background papers, shall be circulated by the Secretary of the Committee to all members of the Committee and the Chairman of the Company and, once agreed, to all other members of the Board, unless a conflict exists.

6. Frequency of meetings

- 6.1 The Committee shall meet as and when requested by either its Chairman or, if different, the Chairman of the Company, and its Chairman will ensure that such meetings are held sufficiently frequently for the Committee to fulfil its duties.
- 6.2 Notwithstanding 6.1 above, Committee meetings shall be held at least twice a year.

7. Notice of meetings

Unless otherwise agreed, reasonable notice in writing of the meetings of the Committee confirming the venue, time and date, together with an agenda of items to be discussed, shall be given to each member of the Committee, any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate at the same time. For the purposes of this clause, notice in writing shall include notice sent by electronic means as deemed appropriate by the members of the Committee.

8. Other

- 8.1 The Chairman of the Committee shall attend the Annual General Meeting of the Company and be prepared to respond to any shareholder questions on the Committee's activities.
- 8.2 The Committee shall on a regular basis, not less frequently than annually, review its own performance and constitution and the adequacy and sufficiency of these Terms of Reference and report its conclusions to the Board.

Adopted on 16 September 2006
and amended on 13 July 2007
and 22 May 2009

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Committee Chairman