

## **Audit Committee Charter for Syncora Holdings Ltd.**

*As adopted by the Board of Directors on December 11, 2014*

### **Purpose**

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to assist the Board in monitoring (1) the integrity of the financial statements of Syncora Holdings Ltd. and its consolidated subsidiaries (collectively the “Company”), including the Company’s system of internal controls, (2) the independent auditor’s qualifications and independence, (3) the performance of the Company’s independent auditors, and (4) the compliance by the Company with legal and regulatory requirements, including the Company’s Code of Business Conduct and Ethics and Compliance Program.

### **Committee Membership**

Although the Company is no longer listed on the New York Stock Exchange (“NYSE”) and is no longer an SEC registrant, the members of the Committee shall meet the independence, experience and other requirements set forth in the Company’s Director Independence Standards, which generally meet the director independence requirements of the NYSE, Section 10A(m) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”) and SEC rules promulgated thereunder and any other requirements set forth in applicable laws, rules and regulations or the Company’s governance documents. Those requirements include: the Committee shall consist of no fewer than three members, each of whom, in the business judgment of the Board, shall be financially literate; at least one member of the Committee shall be an “audit committee financial expert” as defined in applicable laws, rules or regulations; and Committee members shall not simultaneously serve on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of that Committee member to serve effectively on the Committee.

The members of the Committee shall be appointed annually by the Board on the recommendation of the Nominating & Governance Committee. Committee members may be replaced by the Board if necessary or appropriate.

### **Meetings**

The Committee shall meet as often as it or the Board determines, but not less frequently than quarterly. The Committee shall meet periodically with management (including the CEO and CFO where required by applicable law or otherwise as appropriate) and the independent auditor in separate executive sessions. The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The affirmative vote of a majority of the members participating in any meeting of the Committee is necessary for the adoption of any resolution. For action requested by written consent, a response from a majority of the members of the Committee is necessary with all such responses being in the affirmative.

Members may participate in a meeting of the Committee by means of a conference call or similar communications arrangement by means of which all persons participating in the meeting can hear each other. The Committee shall maintain minutes of any Committee meeting.

### **Committee Authority and Responsibilities**

The Committee shall have sole authority to appoint or replace the independent auditor, subject to any required shareholder ratification. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of issuing an audit report or related services. The independent auditor shall report directly to the Committee.

The Committee shall pre-approve all audit services and, subject to the de minimis exception under Section 10 (A)(i)(1)(B) of the Exchange Act and SEC rules promulgated thereunder (such exception to be in amounts up to \$150,000 as approved by the Committee Chairman), permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor in accordance with applicable laws, rules and regulations.

The Committee may form and delegate authority to subcommittees comprising one or more members of the Committee, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the Committee at its next scheduled meeting.

The Committee shall have the authority to retain independent legal, accounting, actuarial and other advisors, as it determines to be necessary to carry out its duties. The Company will provide for the appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee.

The Committee shall report regularly to the Board and review with the Board any issues that arise with respect to: (i) the quality or integrity of the Company's financial statements; (ii) the performance and independence of the Company's independent auditor; and (iii) the Company's compliance with legal and regulatory requirements.

The Committee shall undertake and review with the Board an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by any member designated by the Committee to make this report.

The Committee shall review and re-assess the adequacy of this Charter annually and recommend any proposed changes to the Nominating & Governance Committee and ultimately to the Board for approval.

The Committee, to the extent it deems necessary or appropriate, shall:

Financial Statements, and Related Disclosure Matters

1. Meet to review and discuss with management and the independent auditor the Company's annual audited financial statements, including specific disclosures made in the notes to the financial statements.
2. Meet to review and discuss with management and the independent auditor the Company's quarterly financial statements, including specific disclosures made in the notes thereto.
3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, and any steps adopted in light of material control deficiencies.
4. Receive, and take any required or appropriate action in relation to, all reports and other communications which the independent auditor is required to make to the Committee, including timely reports concerning:
  - (a) all critical accounting policies and practices to be used;
  - (b) all alternative treatments of financial information within generally accepted and statutory accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
  - (c) other material written communications between the independent auditor and management, such as any management letter comments or schedule of unadjusted misstatements.
5. Discuss with management those Company press releases containing, or referring to, financial information, including those utilizing "proforma" or "adjusted" non-GAAP information. Such discussion may be done generally by discussing the types of information to be disclosed.
6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.
7. Discuss with management, the independent auditor and any external actuary retained by the Company the reserving methodology and process of the Company and the Company's reserves, together with internal or external reports or studies.

8. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

#### Relationship with Independent Auditor

9. Review and evaluate the lead partner of the independent auditor team.
10. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issue 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 years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Company. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and the internal auditor. The Committee shall present its conclusions with respect to the independent auditor to the Board and make any recommendations to the Board concerning such matters as the Committee deems advisable.
11. Ensure the rotation of the lead (or coordinating) audit partner (having primary responsibility for the audit) and the audit partner responsible for reviewing the audit as required by applicable law (*i.e.*, in each case, if such partner has performed audit services for the Company in each of the five previous fiscal years), providing that the Committee can, if it so chooses, allow for a seven year rotation period while the Company is not an SEC registrant and as long as its insurance subsidiaries do not meet the requirements of the NAIC's Model Audit Rule.
12. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company during the one-year period preceding the date of initiation of the audit.
13. Discuss with the independent auditor issues on which they consulted with their national office for the Company and matters of audit quality and consistency.
14. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.
15. Review any significant changes to the audit plan, the results of the audit and any significant difficulties encountered during the course of the audit, including any restrictions on the scope of the work or access to required information.

16. Review, and discuss as appropriate with management and the independent auditor, the report of the independent auditor required by Section 10A(k) of the Exchange Act.
17. In the course of its review of the Company's books and records, the Committee shall have the authority, at its sole discretion, to hire an independent third party to (a) perform an internal audit of the Company; (b) perform an independent audit of a certain function or process; and/or (c) review a certain function or process. The Committee may consult with the Company's Chief Financial Officer with respect to any such engagement or determine that it is appropriate to engage such third party directly. The Committee may receive the results of any such review from the third party directly.

#### Compliance

18. Obtain from the independent auditor assurance it has not become aware of any information indicating that an illegal act (whether or not material to the financial statements) has occurred or may have occurred.
19. Obtain at least annually, or more frequently, if appropriate, reports on whether the Company is in material compliance with applicable legal requirements and the Company's Code of Business Conduct and Ethics and Compliance Program from the Company's General Counsel or chief compliance officer, or persons fulfilling such roles.
20. Advise the Board at least annually, or more frequently, if appropriate, with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.
21. Review at least annually, or more frequently, if appropriate, with the General Counsel or chief compliance officer, or persons fulfilling such roles, compliance with the Company's Code of Business Conduct and Ethics, as well as the implementation and effectiveness and the administration, training, monitoring and auditing of the related Compliance Program.
22. Discuss with the General Counsel or chief compliance officer (or persons fulfilling such roles), other appropriate members of management and the independent auditor, as appropriate, any correspondence with regulators or governmental agencies (including any findings of any examinations by such regulatory or governmental agencies) and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

#### Risk Management and Internal Controls

23. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and enterprise risk management policies. Other committees of the Board may also review such risk assessment and enterprise risk management policies.

24. Discuss with management, the senior risk management executive and the independent auditor, the effectiveness of the Company's enterprise risk management system as it relates to the Company's financial statements and internal controls.
25. Receive periodic reports from the senior risk management executive on major risks and exposures and actions by management to mitigate risk.
26. Discuss the Company's anti-fraud program with management and the independent auditor and review the implementation of controls to mitigate fraud risks.
27. Discuss with management and the independent auditor the design and effectiveness of the Company's internal controls.
28. Discuss with management and the independent auditor (a) any significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and any material weaknesses to the Company's internal controls, and (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

#### Other Responsibilities

29. Discuss with the Company's General Counsel any legal matters that reasonably could have a material effect on the financial statements or the Company's compliance policies.
30. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
31. Perform such other activities as the Committee or the Board may from time to time deem necessary or appropriate.

#### Interpretation

For the avoidance of doubt, while the Committee has the responsibilities and powers set forth in this Charter, nothing in this Charter should be interpreted as creating any duty or obligation on the part of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles, statutory accounting principles and applicable rules and regulations. Also, nothing herein should be construed as imposing on the Committee responsibility to ensure compliance with laws and regulations and the Company's Code of Business Conduct and Ethics, or to set or determine the adequacy of the Company's reserves. All such matters are the responsibilities of management and the independent auditor, as appropriate.