



Blue Capital Reinsurance Holdings Ltd.

Charter of the Compensation and Nominating Committee

Purpose

The purpose of the Compensation and Nominating Committee (the "Committee") of the Board of Directors (the "Board") of Blue Capital Reinsurance Holdings Ltd. (the "Company") is to (i) assist in fulfilling the Board's responsibilities relating to the compensation of the Company's executive officers; (ii) oversee administration of the compensation plans of the Company and its major subsidiaries, including incentive and equity or equity-based arrangements, subject to Board approval; (iii) review and make recommendations on the compensation of the Company's non-executive directors; (iv) prepare the annual report on executive compensation for inclusion in the Company's annual proxy statement or Annual Report on Form 10-K in accordance with applicable rules and regulations; (v) review and discuss with management disclosures in the Compensation Discussion and Analysis (the "CD&A") and related executive compensation information and make a recommendation to the Board as to whether such disclosures and information shall be included in the appropriate regulatory filing; (vi) nominate candidates for election to the Board; (vii) review and make recommendations on matters involving the general operation of the Board and the Company's corporate governance; (viii) fulfill all other duties and responsibilities enumerated in and consistent with this Charter and any related matters required by any other applicable laws, rules or regulations.

I. Membership

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 without cause. The Committee members shall meet the applicable independence requirements set forth in Rule 10C-1(b)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the listing standards set forth by the New York Stock Exchange (the "NYSE") and any other applicable laws, rules and regulations. In addition, the Committee members shall meet the applicable independence requirements to qualify as a "Non-employee Director" for purposes of Rule 16b-3 of the Exchange Act. The Committee shall be comprised of no fewer than three (3) directors. Committee members shall monitor compliance with such requirements and report to the Chairman of the Board (the "Chairman") any relationships or transactions that may cause such member to no longer meet the required definition of independence. Each Committee member shall keep current with developments relating to corporate governance, director nominations, officer, management and employee compensation and related matters.

II. Meetings

The quorum necessary for the transaction of business at a Committee meeting shall be two (2) Committee members. Actions to be taken by the Committee shall require the affirmative votes of a majority of the votes cast by the Committee members present at any quorate meeting. The Committee shall convene at least twice annually or more frequently as circumstances dictate. All Committee members should strive to be present at all Committee meetings whether in person or by telephone. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee shall be responsible for maintaining minutes and other applicable records of each Committee meeting and may delegate this responsibility to members of the Company's Management or those responsible for the Company's corporate secretarial services. The Committee shall report its actions and recommendations to the Board after each meeting.

III. Duties

A. Nominations

The Committee shall, in its role with respect to nominations:

1. develop, approve and periodically assess a policy with respect to Committee consideration of director candidates recommended by shareholders, including a description of the procedures that must be followed by shareholders in submitting such recommendations;
2. develop, approve and periodically assess minimum qualifications for director nominees nominated by the Committee or by shareholders and any other qualifications or skills that the Committee believes are necessary;
3. develop, approve and periodically assess a process for the Committee to identify and evaluate director nominees, including those director nominees recommended by the shareholders, and any differences in the manner of consideration for director nominees recommended by the shareholders;
4. identify individuals qualified to become Board members, and select, or recommend that the Board select, the director nominees for the next annual general meeting for shareholder approval, based, amongst other things, on minimum qualifications;
5. periodically review the leadership needs of the Company with a view to ensuring the continued ability to compete effectively in the Company's marketplace;
6. periodically review the criteria for Board membership, and make necessary recommendations to the Board;
7. determine the criteria for membership on each Board committee, including the Committee, periodically review such criteria, and recommend changes to the membership of the Board committees, including the Committee, as necessary;

8. recommend to the Board directors to serve, including to fill any vacancy that arises, on each committee, including the Committee;
9. in association with the Chairman, regularly review performance of the Board as a whole and report to the Board as necessary; and
10. as appropriate and from time to time, make recommendations to the Board:
 - 9.1. as regards plans for succession in respect of the Board, the Chief Executive Officer and the Chief Financial Officer;
 - 9.2. as regards the re-appointment of any non-executive director at the conclusion of his or her specified term of office;
 - 9.3. concerning any matters relating to the continuation in office as a director at any time; and
 - 9.4. concerning the appointment of any director to executive or other office other than to the position of Chief Executive Officer. Recommendations for the Chief Executive Officer would be considered at a meeting of all the independent directors regarding the position of Chief Executive Officer.

B. Corporate Governance

The Committee shall, in its role with respect to corporate governance:

1. periodically review the structure, size and composition of the Company's Board (including the reasons why the Company has chosen the same person or different persons, as the case may be, to serve as Chairman of the Board and as Chief Executive Officer), and the boards of its subsidiaries, and make recommendations to the Board with regard to any adjustments that are deemed necessary;
2. develop and recommend to the Board a set of corporate governance principles applicable to the Company, and review and reassess the adequacy of such guidelines annually and recommend to the Board any changes deemed appropriate;
3. develop, approve and periodically assess a process for shareholders to send communications to the Board;
4. propose as necessary any additional company codes, policies and procedures in response to changing business, legislative, regulatory or other conditions;
5. recommend to the Board a policy with respect to Board members' attendance at the annual general meetings of shareholders;
6. develop and recommend to the Board for its approval an annual Board and committee self-evaluation process and oversee such annual self-evaluations, including the annual self-evaluation of the Committee;

7. make recommendations to the Board regarding committee structure and delegated responsibilities to be included in the charter of each board committee;
8. evaluate and recommend any revisions to board and committee meeting policies and logistics;
9. review management's organizational plans, including contingency plans for human resources; and
10. oversee the evaluation of management's performance.

C. Compensation

The Committee shall, in its role with respect to compensation:

1. review the Company's overall programs relating to the development and continuity of able management, including personnel practices, education and training programs, reassignments, transfers and promotions, and the introduction of external resources (both the hiring of new employees and retention of consultants);
2. develop, approve and periodically review the Company's philosophy, strategy and principles regarding the design and administration of the Company's officer, employee and management compensation practices, including the methodologies for determining employee and officer salaries and incentive compensation;
3. develop, approve and periodically assess corporate goals and objectives relevant to compensation of (i) the Chief Executive Officer, (ii) the Chief Financial Officer, and (iii) the Company's other executive officers (together, the "Executive Officers"); evaluate the performance of the Executive Officers at least one (1) time per year in light of those goals and objectives and have the authority (along with the other independent directors, if so directed by the Board) to approve and set the compensation level of the Executive Officers based on this evaluation. The Committee shall approve any employment agreements (whether direct or indirect), consulting arrangements, severance or retirement arrangements or change-in-control agreements and provisions covering any current or former Executive Officer;
4. in determining the long-term incentive component of the Executive Officers' compensation, consider the Company's performance and relative shareholder return, and the value of similar incentive awards to executive officers at comparable companies, including previous awards given to the Executive Officers. The Committee shall also consider whether the Company's incentive compensation arrangements encourage its Executive Officers to take unnecessary and excessive risks that threaten the Company's value. The Committee shall not be precluded from approving awards as may be required to comply with applicable tax laws, rules or regulations;

5. develop, approve and periodically assess a policy for evaluating non-binding shareholder votes with respect to (i) the compensation of Executive Officers and (ii) “golden parachutes” or similar compensation packages for Executive Officers in connection with acquisition transactions, in each case as may be required by applicable law (including Section 14A of the Exchange Act and Rule 14a-21 thereunder);¹
6. evaluate periodically and make recommendations to the Board with respect to the adoption, termination or amendment by the Company of any employee benefit plan (including any incentive compensation plans and equity-based plans), in each case that materially increases the Company’s costs for benefits or provides a material increase in the value of benefits to Executive Officers;
7. produce an annual report on executive compensation for inclusion in the Company’s Annual Report on Form 10-K or annual Proxy Statement, in accordance with applicable rules and regulations;
8. develop, approve and periodically assess a policy (as may be required by applicable law, including Section 10D of the Exchange Act or any new requirements set forth by the NYSE) for recovering incentive-based compensation awarded to current or former Executive Officers of the Company in the event that the Company is required to prepare an accounting restatement due to material noncompliance of the Company with any financial reporting requirements under the securities laws;
9. review and discuss with management the disclosures under the CD&A and related executive compensation information. The Committee shall make a recommendation to the Board as to whether such CD&A and related information shall be included, as applicable, in the Company’s Annual Report on Form 10-K, annual proxy statement or any information statement;
10. evaluate and recommend to the Board any other disclosure required by the rules of the Exchange Act, including pursuant to Item 407(e)(3)(iv) of Regulation S-K;
11. review shareholder proposals relating to executive compensation matters and recommend to the Board the Company’s response to such proposals;
12. recommend to the Board the compensation of directors who are independent from management; and
13. conduct an annual review of director compensation and review and propose criteria for determining director compensation.

D. Other Responsibilities

1. The Committee shall review on a regular basis (but no less frequently than annually) its own performance and this charter to ensure it is operating at maximum effectiveness, and shall have this charter made publicly available

on the Company's website in accordance with requirements set forth by the NYSE.

2. The Committee Chair (or such other Committee member acting under authority of the Chair) shall endeavor to attend the annual general meetings prepared to respond to any shareholder questions on the Committee's activities.
3. The Committee shall review and approve/make recommendations to the Board with respect to the Company's policies and procedures with respect to Executive Officers' expense accounts and perquisites.
4. The Committee shall regularly report to the Board.

IV. Authority

1. The Committee is authorized to seek any information it requires from any director, officer or employee of the Company in order to perform its duties.
2. The Committee is authorized to obtain at the Company's expense outside legal or other professional advice, including recruitment consultants, independent remuneration consultants and search firms, on any matters within its terms of reference, to secure the attendance of external advisers at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies, 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 Exchange Act 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.
3. The Committee shall be entitled to sub-delegate any or all of the powers and authority delegated to it.
4. The Board may allocate the responsibilities of this Committee to other committees of its own denomination, provided that such committees are composed entirely of independent directors and have published committee charters.
5. Where any decision relates to a transaction in which a member of the Committee has an interest and in accordance with the bye-laws has not voted, the decision shall not be implemented until it has been reported to a meeting of the Board at which the director's interest has been declared.