



## **Blue Capital Reinsurance Holdings Ltd.**

### **Related Person Transaction Policy**

#### **Introduction**

This Policy was created and adopted by the Board of Directors (the "Board") of Blue Capital Reinsurance Holdings Ltd. (the "Company") to:

- assist the Board in reviewing, approving and ratifying related person transactions; and
- assist the Company in preparing the disclosure required by the U.S. Securities and Exchange Commission ("SEC") rules to be included in the Company's applicable filings pursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934 and their related rules.

This Policy is intended to supplement, and not to supersede, the Company's other policies that may be applicable to or involve transactions with related persons, such as policies for determining director independence and the Code of Conduct and Ethics.

#### **Transactions Covered By This Policy**

Transactions covered by this Policy include any Transaction which is or may be a Related Person Transaction, as defined herein.

For purposes of this Policy, the following definitions apply:

**"Immediate Family Member"** means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law or any person (other than a tenant or employee of the applicable person) sharing the household.

**"Related Person"** means:

- any person who is, or was at any time since the beginning of the Company's last fiscal year, a director, director nominee or executive officer (as determined by the Board pursuant to SEC rules and regulations) of the Company;
- any person who is, or was at any time since the beginning of the Company's last fiscal year, an Immediate Family Member of a director, director nominee or executive officer of the Company; and
- any person who, at the time of the occurrence or existence of the transaction at issue, is the beneficial owner of more than 5% of the

Company's voting securities or any person who is an Immediate Family Member of such beneficial owner.

**"Related Person Transaction"** means any Transaction involving the Company in which a Related Person has a direct or indirect material interest, as determined by the Committee (defined below).

**"Transaction"** means any transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships. The term also includes indebtedness and guarantees of indebtedness and transactions involving employment and similar relationships.

### **Person Responsible For Applying This Policy**

Any Related Person Transaction must be approved or ratified by the Audit Committee of the Board (the "**Committee**").

### **Reporting and Review**

Each director, director nominee and executive officer shall promptly notify the Audit Committee Chairman of any Transaction involving the Company and a Related Person. The notice shall include a complete description of the Transaction including:

- the name of the Related Person and the basis on which the person is a Related Person,
- the Related Person's interest in the Transaction with the Company, including the Related Person's position(s) and relationship(s) with, or ownership in, a firm, corporation or other entity that is a party to, or has an interest in, the Transaction,
- the approximate dollar value of the amount involved in the Transaction,
- the approximate dollar value of the amount of the Related Person's interest in the Transaction, which shall be computed without regard to the amount of profit or loss, and
- any other information regarding the Transaction or the Related Person in the context of the Transaction that could be material to investors in light of the circumstances of the particular Transaction.

The Audit Committee Chairman will present any new Related Person Transactions, and proposed Transactions involving Related Persons, to the Committee at its next occurring regular meeting or at a special meeting of the Committee called by the Audit Committee Chairman to review Related Person Transactions if the Audit Committee Chairman considers an earlier review necessary. The Committee shall review Transactions to determine whether the Related Person involved has a direct or indirect material interest in the Transaction.

If the Committee determines that a Transaction is a Related Person Transaction, it shall proceed with its review as described below. The Committee may conclude, upon review of all relevant information, that the Transaction does not constitute a Related Person

Transaction and thus that no further review is required under this Policy. On an annual basis, the Committee shall review previously approved Related Person Transactions, under the standard described below, to determine whether such Transactions should continue.

In reviewing the Transaction or proposed Transaction, the Committee shall consider all relevant facts and circumstances, including, without limitation, the commercial reasonableness of the terms, the benefit and perceived benefit, or lack thereof, to the Company, opportunity costs of alternate transactions, the materiality and character of the Related Person's direct or indirect interest, if applicable, the impact on a director's independence and the actual or apparent conflict of interest of the Related Person. The Committee will not approve or ratify a Related Person Transaction unless it shall have determined that, upon consideration of all relevant information, the Transaction is in, or not inconsistent with, the best interests of the Company and its shareholders.

If after the review described above, the Committee determines not to approve or ratify a Related Person Transaction (whether such Transaction is being reviewed for the first time or has previously been approved and is being re-reviewed), the Transaction will not be entered into or continued, as the Committee shall direct.

In the event that the Audit Committee Chairman becomes aware of a Related Person Transaction that was not previously approved or ratified, the Committee will be notified as soon as possible and the review described above undertaken to consider whether the Related Party Transaction should be ratified, rescinded or other action taken. The Committee while conducting their review shall also take into account the facts and circumstances pertaining to the failure of the Related Party Transaction to be brought to the Committee's attention.

### **Exceptions**

Notwithstanding the foregoing, the following types of Transactions are deemed not to create or involve a material interest on the part of the Related Person and will not be reviewed, nor will they require approval or ratification, under this Policy:

- (i) Transactions in which the Related Person's interest derives solely from his or her service as a director of another corporation or organization that is a party to the Transaction.
- (ii) Transactions in which the Related Person's interest derives solely from his or her ownership of less than 10% of the equity interest in another person (other than a general partnership interest) which is a party to the Transaction.
- (iii) Transactions in which the Related Person's interest derives solely from his or her ownership of a class of equity securities of the Company and all holders of that class of equity securities received the same benefit on a pro rata basis.
- (iv) Transactions in which the Related Person's interest derives solely from his or her service as a director, trustee or officer (or similar position) of a not-for-profit organization or charity that receives donations from the Company.

(v) Compensation arrangements of any executive officer, other than an individual who is an Immediate Family Member of a Related Person, if such arrangements have been approved by the Compensation and Nominating Committee.

(vi) Director compensation arrangements, if such arrangements have been approved by the Board.

(vii) Transactions involving interests arising solely from indebtedness of a 5% beneficial owner of the Company's voting securities or an Immediate Family Member of such owner.

(viii) Transactions where the rates or charges involved in the Transaction are determined by competitive bids.

(ix) Transactions that involve services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

### **Review**

Annually, the Board shall review this Policy and make changes as appropriate, taking into consideration any suggestions of the Audit Committee.