Alterra

Specialty Insurance & Reinsurance

Alterra Capital Holdings Limited

Corporate Governance Guidelines

November 2012

ALTERRA CAPITAL HOLDINGS LIMITED
CORPORATE GOVERNANCE GUIDELINES

I. General

The Board of Directors (the "**Board**") of Alterra Capital Holdings Limited (the "**Company**"), acting on the recommendation of its Nominating and Corporate Governance Committee, has developed these corporate governance guidelines ("**Guidelines**") to promote the effective functioning of the Board and its committees (the "**Board Committees**"). These Guidelines, together with the Charters of the Board Committees, provide the basic outline of the Company's corporate governance. The Guidelines are subject to future refinement or changes as the Board may find necessary or advisable.

II. Role of the Board and Management

The Board and management of the Company have related but distinct roles. The fundamental responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. The Board's function is one of oversight and guidance delegating to the chief executive officer ("**CEO**") and other senior management the authority and responsibility for managing the everyday affairs of the Company. The Board reviews and discusses reports by management with respect to the Company's performance to ensure that the Company operates in an effective, efficient and ethical manner in order to produce value for the Company and its shareholders, as well as significant issues facing the Company. In addition to its general oversight function, the Board and the Board Committees oversee the Company's business and management in accordance with these Guidelines.

Directors are expected to invest the time and effort necessary to understand the Company's business, financial strategies and challenges. The basic duties of the directors include attending Board meetings and actively participating in Board discussions. Directors are also expected to make themselves available outside of Board meetings for advice and consultation, subject in any case, to the Company's bye-laws and applicable policies.

The Company's business strategy is implemented by its officers and other employees, under the direction of the CEO. Management reports regularly to the Board on significant events, issues and risks that may materially affect the Company's business or financial performance. The CEO and other members of management are responsible for operating the Company in an ethical manner. Management should never put individual, personal interests before those of the Company or its shareholders.

III. Board Size and Composition

The Board, in accordance with the Company's bye-laws, shall determine the number of directors constituting the full Board, taking into account the size and breadth of the Company's business and the need for Board diversity. Normally, the Board seeks to have approximately 10 – 14 members including 1 to 2 employee directors.

The size of the Board should balance the following goals:

- The size of the Board should facilitate substantive discussions by the whole Board in which each director can participate meaningfully.
- The composition of the Board should encompass, consistent with the needs of the Company, a broad range of experience, skills, expertise and industry knowledge.
- A majority of the Board shall consist of directors who are independent under the listing standards of the NASDAQ Global Select Market (such directors being referred to herein as "**Independent Directors**").

Directors should possess the highest personal and professional ethics, integrity and values, and must be committed to representing the long-term interests of the Company and its shareholders.

IV. Director Selection and Qualification

The Board, on the recommendation of the Nominating and Corporate Governance Committee, shall propose a slate of nominees for election at the Company's Annual Meeting of Shareholders. In addition, between such meetings, the Board, on the recommendation of the Nominating and Corporate Governance Committee, may elect directors to fill vacancies on the Board, to serve until the next such meeting.

The Nominating and Corporate Governance Committee, in evaluating the suitability of individual nominees, shall review the appropriate skills and characteristics required of Board members in the context of the then current make-up of the Board, including such factors as business experience, skills in technology, finance, marketing, financial reporting and other areas that are expected to contribute to the Board's effectiveness and knowledge in the industry in which the Company operates. The Nominating and Corporate Governance Committee may also look the individual nominee's personal attributes which may include high personal integrity, loyalty to the Company and concern for its success and welfare, availability for meetings and consultations on Company matters, willingness and ability to assume fiduciary responsibility on behalf of the Company and reputation with business and other leaders with insights into the Company's business.

Directors should be willing to devote sufficient time to carrying out their duties and responsibilities effectively. Accordingly, directors may serve on the board of directors of other companies, but shall limit such service to a reasonable number of companies which will not conflict with his or her responsibilities as a member of the Board. The Nominating and Corporate Governance Committee shall be notified promptly of any

change in a director's principal occupation, the election of a director to the board of directors (or similar body) or any board committees of another publicly held entity, the director's removal or other cessation of service as a member of any such board or committee, and any other development that could impair a director's ability to serve on the Board or any Board Committee. The Nominating and Corporate Governance Committee shall recommend whether such director should resign or be removed as a director of the Company or as a member of any Board Committee, or whether any other action should be taken.

Shareholders may propose nominees for consideration by the Nominating and Corporate Governance Committee in accordance with the procedures developed by that Committee and disclosed in the Company's most recent Proxy Statement.

V. Director Term Limits

The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company's history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these Guidelines.

VI. Board Committees

The Board has established the following Board Committees to assist the Board in discharging its responsibilities: the Audit and Risk Management Committee; the Compensation Committee; the Nominating and Corporate Governance Committee; the Finance and Investment Committee; the Underwriting Committee; and the Executive Committee. The Board, on the recommendation of the Nominating and Corporate Governance Committee, may from time-to-time modify the composition or charters of any of these Board Committees or establish new committees. Each Board Committee complies with, and any new Board Committee shall comply with, the independence and other requirements established by applicable law and regulations, including SEC and NASDAQ rules. The Nominating and Corporate Governance Committee has the responsibility to evaluate and make recommendations to the Board concerning the appointment of directors to the Board Committees and the selection of Board Committee chairpersons.

The Audit and Risk Management Committee, Compensation Committee and Nominating and Corporate Governance Committee shall each have a written charter.

VII. Selection of the Chairman of the Board

The Board has a policy of separating the offices of Chairman of the Board and CEO. The Chairman of the Board provides guidance to the CEO and sets the agenda for and presides over Board meetings. The CEO is responsible for setting the strategic direction, day to day legateship and performance of the Company. The Board believes this

leadership structure facilitates effective independent Board leadership and oversight of management and the Company's long-term strategic goals.

The Board will periodically make a determination as to the appropriateness of this policy in connections with the recruitment and succession of the Chairman of the Board and/or the CEO.

VIII. Meetings

The Board currently plans at least four (4) regular meetings each year, with further meetings to occur (or action to be taken by unanimous written consent), at the discretion of the Board.

The Chairman of the Board shall prepare the agenda for each Board meeting. Any director may suggest subjects for the agenda. The agenda for each Board Committee meeting shall be established by the respective Board Committee chairperson.

Management will endeavor to provide to all directors agendas and appropriate meeting materials in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business. The directors are expected to review such materials prior to the meetings. Directors are also encouraged to ask that additional information be provided to the Board or any Board Committee to facilitate its performance.

To ensure free and open discussion and communication, the Independent Directors of the Board shall meet without management present at least quarterly. Non-management directors who are not Independent Directors may participate in these sessions at the invitation of the Chairman of the Board, but Independent Directors shall meet alone at least twice each year.

IX. Evaluating Board Performance

The Board and each Board Committee (other than the Executive Committee) shall conduct a self-evaluation at least annually.

X. Board Compensation

Directors who are employees of the Company shall not receive any compensation, directly or indirectly, for their services as directors. The Compensation Committee shall review and make recommendations to the Board for establishing the compensation and any benefits for non-management directors. In discharging this duty, the Compensation Committee and the Board shall be guided by the following goals:

- Compensation should fairly pay directors for the work they perform; and
- Compensation should include a significant equity component to align directors' interests with the long-term interests of the shareholders.

XI. Reliance on Management and Outside Advisors

In performing its functions, the Board and each Board Committee is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board and each Board Committee shall have the authority to retain and approve the fees and retention terms of its outside advisors without consulting with, or obtaining approval from, management in advance. The Company shall provide for appropriate funding to pay any such advisor retained by the Board.

XII. Communications with the Board of Directors

The Board will receive communications from shareholders. Shareholders may contact any member of the Board. Any such correspondence should be addressed to the appropriate person and sent to the Company Secretary at Alterra House, 2 Front Street, Hamilton HM 11 Bermuda.

Each communication received as described above will be reviewed by the Company Secretary for the sole purpose of determining whether the sender is a shareholder.

XIII. Board Interaction with Institutional Investors, Analysts, Press, Agents and Customers

The Board believes that management generally should speak for the Company. Each director shall refer all inquiries from institutional investors, analysts, the press, agents or customers to the CEO, Chief Financial Officer or Senior Vice President of Investor Relations.

XIV. Attendance at Board Meetings and the Annual Meeting of Shareholders

Directors are expected to attend at least 75% of Board and Board Committee meetings. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the chairperson of the appropriate Board Committee in advance of such meeting.

Directors are also expected to attend the Company's Annual Meeting of the Shareholders.

XV. Access to Management

Non-management directors may contact any employee of the Company without the permission of management, and without management being present. Board members shall directly coordinate such contacts and will use judgment to ensure that such contacts are not distracting to the business operation of the Company.

XVI. Director Orientation and Continuing Education

The Company Secretary shall arrange orientation materials for all new directors that shall familiarize each with, among other things:

- the Company's Board members and practices,
- the independent auditor,
- major operations,
- key employees, and
- significant policies and procedures (including accounting policies).

The Company shall also provide continuing education for directors, which may include a mix of in-house and third-party presentations and programs. Each director is encouraged to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director

XVII. Ownership of Company Shares

The Board believes that broad-based share ownership by directors and management is an effective method to increase the alignment between the interests of directors and management with shareholders. Total compensation paid to directors and management includes a significant equity component. Consequently, the Board has established guidelines for share ownership by directors and management which it will review from time to time. Directors and management are expected to comply with these guidelines.

XVIII. Monitor and Manage Succession Planning

The Board will periodically review, evaluate and monitor succession planning for the Company's and its subsidiaries' senior management members, including the CEO, President, Chief Operating Officer, Chief Financial Officer and principal underwriters.

XIX. Auditor Rotation

The Audit and Risk Management Committee of the Board will ensure that the lead audit partner and the audit partner review partner will be rotated every five (5) years as required by SEC rules.

XX. Periodic Review of the Corporate Governance Guidelines

The Guidelines shall be reviewed periodically by the Nominating and Governance Committee and the Board will make changes when appropriate based on recommendations from the Committee.

Adopted: November 6, 2012