

The Committee to be appointed by the Board of Directors (the "Board") of Zurich Assurance Ltd (the "Company") shall have the following Terms of Reference based on the Articles of Association of the Company and the Organisational Rules ("Board Charter").

CONFIDENTIALITY

Matters discussed at the Committee and Resolutions taken are confidential and should only be communicated to third parties with the permission of the Chairman and to the extent permitted or required by law.

1. Role of Forum

The Committee is authorised by the Board and its purpose is to assist the Board in carrying out its responsibilities relating to financial reporting, internal control and governance, in accordance with regulation, legislation and acceptable ethical standards by:

- Providing oversight and guidance to the Company and its management ("Management") with regard to the above matters and to assist in identifying issues requiring Management's attention;
- Acting as a focal point for discussion and communication of matters regarding the oversight of financial reporting, internal control, compliance (including financial crime) and governance;
- Giving sufficient attention to presented issues and information to determine areas for further review, additional attention and escalation.

The Committee's role is one of oversight, recognising that Management remains responsible for the actual preparation of financial statements of the Company, development and maintenance of internal controls and appropriate governance processes, and that ultimate responsibility rests with the Board.

The Committee is responsible for the oversight of the Company's External Auditor ("External Auditor").

2. Extent of Authority

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities.

It shall have direct access to, and receive regular reports from Group Audit and/or the External Auditor.

It may seek any information it requires from any employee and all employees are directed to co-operate with any request of the Committee.

It shall have the power to conduct or authorise investigations into any matter within the Committee's scope of responsibilities.

The Committee may obtain, at the Company's expense, outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The responsibilities of the Committee are set out in section 9 below.

3. Limitations on Authority

The Committee is a committee of the Board and acts with its full authority within the scope set out in this TOR.

Authority lies with the Committee itself, and not with any specific individual.

4. Membership

The members of the Committee are appointed by the Board in consultation

with the Committee Chair. The Chairman of the Board has no casting vote as to appointments to the Committee.

The Committee will consist of three Independent Non-Executive Directors of the Board. If, at any time there are insufficient Independent Board Members to operate with the above, an appropriate interim member may be appointed by the Board.

The Board should satisfy itself that at least one member of the Committee will have recent and relevant financial experience and it is desirable for that individual to have a professional qualification from one of the professional accounting bodies. All members should have experience of corporate financial matters.

The Chairman of the Risk Committee shall be a member of the Audit Committee. The Chairman of the Audit Committee shall also be a member of the Risk Committee.

As a rule, no Management Director should take on the role of a member of the Committee.

5. Officers

The Chairman of the Committee (the "Chairman") will be appointed by the Board. Any changes of the Chairman to be notified to the Regulator.

The Company Secretary or his or her representative will serve as secretary (the "Secretary") of the Committee.

6. Quorum

The presence of two of the members of the Committee shall constitute a quorum.

Absent members of the Committee can nominate a deputy with the agreement of the Chair.

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.

7. Standing *ex officio* attendees

Standing invitees to the Committee meetings include (all roles providing services to ZAL unless otherwise stated):

- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO);
- Chief Operating Officer & Managing Director In-Force
- Chief Risk Officer (CRO);
- UK General Counsel;
- Compliance Officer;
- Regional Audit Director (RAD);
- External Auditor

The Global Head of Group Audit has right of access to the Committee. Standing invitees have no voting rights. Deputies may only be sent if agreed in advance with the Chairman.

The Chairman can ask individual standing invitees to leave the meeting for certain items if there is a conflict of interest or if it is otherwise believed

8. Attendance by Invitation

appropriate to do so.

The Chairman may on his or her own, or upon request by a member of the Committee, invite other employees or advisors to attend all or part of the meeting.

9. Duties and Obligations (Scope of Responsibilities)

The Committee assumes the following duties:

9.1 Finance

Reviewing with Management on completion of the annual audit of the Company the annual financial results prior to approval by the Board, encompassing:

- Audited financial statements;
- Significant transactions that are not a normal part of the operations and accounting treatments not in accordance with normal or accepted practices;
- Any significant adjustments made to the financial statements at year-end that pertained to prior periods;
- Material litigation or other contingent liabilities;
- Management's assessment of the effectiveness of financial controls;
- External Audit's opinion regarding the presentation of the financial statements and the adequacy of related internal controls;
- Material departures from the audit plan of the External Auditor;
- Significant adjustments proposed by the External Auditor;
- The consistency of, and any changes to, accounting policies year on year and across the Company;
- Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- The clarity and completeness of disclosures in the financial statements;
- Any related information presented with the financial statements including the operational and financial review.

Evaluating the co-operation received by the External Auditor during their audit examination, including their access to all requested records, data and information.

Discussing with the External Auditor whether there have been any disagreements with Management which, if not satisfactorily resolved, would have caused them to issue a qualified report on the financial statements.

Reviewing the External Auditor's findings, including the level of errors identified during the audit, comments in management letters and Management's responses.

Enquiring with Management whether the Company complies with all

statutory provisions and regulations applicable and other internal regulations.

Reviewing together with Management, the responsible Actuary and the External Auditor, the reasonableness of the reserves and other relevant topics.

Where Board approval is required for any other statements containing financial information, reviewing such statements prior to submission to the Board (wherever is practical and consistent with prompt reporting, see Appendix 2 for further detail).

Reviewing with Management on a quarterly basis the Company's financial performance.

9.2 Internal Control

Receiving and reviewing periodic reports from Management, Group Audit, Risk Management and Compliance and assessing whether all material issues relevant to the Company, of a risk management and control nature, are being appropriately addressed by Management in a timely manner.

9.3 Whistleblowing, Fraud, Anti Money Laundering & Sanctions

Reviewing the Company's arrangement for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Reviewing any reported concerns (whistleblower matters).

Reviewing the Company's procedures for detecting and preventing fraud.

Enquiring as to the occurrence of any significant fraud within the Company and of any fraud involving Senior Management.

Reviewing the Company's Anti Money Laundering procedures and any reported incidents.

Reviewing the Company's procedures for upholding Sanctions and any reported incidents.

Reviewing the Company's procedures to prohibit all forms of bribery or corruption and any business conduct that could create the appearance of improper influence.

9.4 Group Audit

Reviewing the plans, activities, resources, access, organisation and quality of the internal audit function of the Company and monitoring its effectiveness.

Approving the annual Audit Plan and any changes proposed subsequently and noting to the Board.

Reviewing periodic reports (including audit opinions) and updates from the internal audit function of the Company.

Requesting and reviewing any special audit, which is deemed necessary.

Considering any proposals to appoint or terminate the appointment of the Regional Audit Director, in consultation with the Global Head of Group Audit, and referring to the Board for approval.

9.5 Governance

Reviewing updates on governance and regulatory developments relevant to the Company.

9.6 Compliance

Reviewing the plans, activities, resources, organisation and quality of the Compliance Function of the Company ("Compliance") and compliance with the Group's ethical standards policy ("Zurich Basics").

Approving the annual Compliance Plan and any changes proposed subsequently and noting to the Board.

Reviewing periodic reports and updates from Compliance.

Reviewing material reports and letters from local regulators and ensuring that Management are responding appropriately and in the required timescales.

9.7 External Audit

Reviewing the implementation of the Zurich audit plan and fee structure for the External Auditor with respect to the Company.

Reviewing, prior to the commencement of the annual audit of the Company, the scope and general extent of the External Auditor's examination and suggest, if desired, areas requiring special emphasis.

Evaluating the independence and objectivity of the External Auditor, including the implementation and application of the Group policy on the engagement of the External Auditor for non-audit services and taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.

Being satisfied on an annual basis that the External Auditor is providing an efficient and effective audit service taking into consideration relevant UK professional and regulatory requirements.

Eliciting the comments of Management regarding the responsiveness of the External Auditor to the Company's needs.

Making any necessary recommendations to the Board, for it to submit to Zurich, on the appointment, re-appointment and removal of the External Auditor.

If the external auditor resigns (either the firm or a key individual), investigating the issues giving rise to such resignation and considering whether any action is required.

Ensuring co-ordination with the activities of the internal audit function.

9.8 Other Matters

Informing the Board of any significant developments arising in the course of performing the above duties and making appropriate recommendations.

Reviewing and assessing the performance and effectiveness of the Committee periodically as conditions dictate, but at least annually (this assessment will

10. Frequency of Meetings

usually be conducted as part of the Board Effectiveness Review).

Reviewing and updating the Committee TOR periodically as conditions dictate, but at least annually, and in the case of amendments to the Committee TOR, seeking prior approval by the Board.

The Committee shall meet at least four times per year before the Company Board meetings.

The Chairman, or on his or her behalf the Secretary, shall convene meetings of the Committee whenever the need arises, by preference before the meetings of the Board.

The Chairman shall also convene a meeting forthwith upon the request of a member of the Committee.

11. Conduct of Meetings

11.1 Agenda

The Chairman, in conjunction with the Secretary, and with support from the Regional Audit Director (UK Life) and the Compliance Officer, shall set the agenda taking also requests from other members of the Committee, the CEO and the CFO.

The agenda will be based on the Standard Agenda and Annual Calendar (Appendix 2) with additional items added as required.

Agenda and supporting papers shall be received by the members and attendees no less than five working days before the meeting.

11.2 Chairman

The Chairman shall chair the meeting of the Committee. In his or her absence the members of the Committee will elect another member to act as an ad hoc Chairman for the meeting. The Chairman or the ad hoc Chairman shall not have a casting vote.

11.3 Meetings

The Committee meets in person. In exceptional cases meetings can be held in whole or in part by telephone or video-conferencing.

11.4 Resolutions

Resolutions ("Resolutions"), for the avoidance of doubt including proposals, recommendations etc, are taken by a majority vote of the members of the Committee present and voting.

A proposal for a circular Resolution shall be communicated to all members of the Committee and shall be deemed adopted if all the members approve the Resolution or give written notice to the Secretary that they abstain. Any Resolution thus adopted shall be as binding as Resolutions adopted at an actual meeting of the Committee pursuant to this clause and shall be recorded in Minutes pursuant to clause 11.5.

Meetings of the Committee at which at least a quorum in accordance with clause 6 is present, may by unanimous consent also take actions or resolutions which are not on the agenda.

11.5 Minutes

The Resolutions and, where appropriate, proceedings and summarised deliberations of the Committee shall be recorded in minutes (the "Minutes") taken by the Secretary, which must set out the attendees, the excused members and time and place of where the meeting was held. The Minutes must reflect the agenda points covered and provide appropriate evidence of the discussions on the respective agenda points, including any significant challenge.

The Minutes shall be submitted for approval at the subsequent meeting of the Committee and signed by the Chairman.

Draft Minutes shall be received by the members of the Committee within five working days of the relevant Committee meeting.

Copies of the Minutes shall be sent to the Head of Group Audit, the CEO of the Company, the UK General Counsel and relevant sections shall be sent to those attending and those with responsibilities for action.

The original signed Minutes shall be kept by the Secretary.

11.6 Conflict

In the event that a member of the Committee is affected by a potentially conflicting interest in respect of a matter to be decided by the Committee, the member shall declare their interest prior to any voting. If necessary, they will also excuse themselves from the relevant section of the meeting and abstain from any vote.

If more than one member faces a conflict, and the Committee becomes non quorate, the matter will be referred to the Board for resolution.

11.7 Private Sessions

Group Audit has direct access to the Committee on matters of business risk management, control and audit. It may request a special meeting with the Committee if it deems necessary.

Representatives from the External Auditor are invited to attend Committee meetings and be heard on any matter which affects them. They have direct access to the Committee on matters of business risk management, control, audit and accounting and may request special meetings if considered necessary.

Any such sessions will still be formal meetings and will require minuting.

At least once a year, the Committee should meet the External and Group Internal Auditors without Management present. These sessions will be in addition to the Committee's minimum of four meetings per year and will not be minuted. The Secretary will however note that the meeting has taken place.

The Committee shall also offer the opportunity to the Executive Management of the Company to meet with it without other persons present.

12. Decision-

The Committee has decision-making authority in accordance with the

making	<p>authorities delegated by the Board and may take any decision that is appropriate and necessary.</p> <p>The Chairman or the ad hoc Chairman shall not have a casting vote.</p>
13. Powers Reserved	None
14. Proceedings Between Meetings	None
15. Reports Received	<p>Any significant or material issues will be reported to the Committee by the CEO / CFO.</p> <p>The Committee shall receive and consider the reports detailed in Appendix 1.</p> <p>The Committee will also receive additional papers to support specific topics on the agenda.</p> <p>The Committee will also receive additional papers, as and when required, to support the implementation of Solvency II until regulatory requirements are finalised.</p>
16. Reports Made	<p>The Chairman will provide a written or verbal report to the Board at the following Board meeting.</p> <p>In addition, he or she will inform the Risk Committee on a timely basis of any matters, which could have a material impact on the Company's management of risk.</p> <p>In addition, he or she will inform the Investment Committee on a timely basis of any matters, which could have a material impact on the Company's delivery of its investment strategy.</p>
17. Escalation Criteria	The Chairman, with support from Group Audit, will also escalate on a timely basis any significant issues (including ineffective audit opinions and serious overdue actions, serious regulatory or compliance issues, major fraud/deliberate mis-statements of accounts, or concerns with regard to the state of controls or governance in general) to the Group Regional Chairman (Europe).
18. Constitutional Changes	<p>Any amendments of the TOR shall require the approval of the Committee and subsequent approval of the Board.</p> <p>Any amendments to the supporting appendices shall require the approval of the Committee.</p> <p>A copy of the TOR, as amended from time to time, shall be forwarded to the respective UK General Counsel and Regional Audit Director.</p>
19. Key Reference Sources	<p>Group Governance Principles for Subsidiaries (January 2015)</p> <p>Financial Reporting Council Guidance on Audit Committees (September 2012)</p> <p>Institute of Chartered Secretaries and Administrators (ICSA) Guidance on Terms of Reference – Audit Committee (October 2010)</p>
20. Glossary of	Non- Executive Directors – persons who do not have a direct or indirect

Terms

operating responsibility for the business carried out by the Company.

Executive Directors – persons who have a direct or indirect operating responsibility for the business carried out by the Company.

Independent Management Directors - persons who are employed by another Zurich entity and who do not have a direct or indirect operating responsibility for the business carried out by the Company.

Management Directors - persons who have a direct or indirect operating responsibility for the business carried out by the Company.

So resolved by the Board on xx xxx 2015.

The Committee shall receive and consider the following regular reports:

Ref	Report Title	High Level Overview of Proposed Content
1	CEO Internal Control Environment Assessment	<ul style="list-style-type: none"> • CEO's view of the effectiveness of internal control • Attestation of Compliance with Internal Policies including Details of any Material Breaches • Matters which require Committee action / decision (Matters to Raise) • Matters of which the Committee should be aware (Matters to Note)
2	Integrated Assurance Report	<ul style="list-style-type: none"> • Executive Summary – brief overview of key points from the Integrated Assurance Report • Assurance Attestations • Overdue Actions and Overdue Regulatory Requirements • ICF Controls Evaluation • SOX Controls • Matters which require Committee action / decision (Matters to Raise) • Matters of which the Committee should be aware (Matters to Note) <p>2.1 Key Data Compliance</p> <ul style="list-style-type: none"> • Assurance Activity completed over the last quarter (including Capita Compliance) • Assurance Activity planned over the next quarter (including Capita Compliance) • Whistleblowing Matters • Fraud Information – Half yearly Update including metrics plus quarterly reporting of any exceptional issues • Money Laundering & Sanctions – exceptional issues only • Potentially Notifiable Issues (PNIs) • Key Regulatory Matters and Developments, including any reports and letters from the regulator and management's response <p>2.2 Key Data Group Audit</p> <ul style="list-style-type: none"> • Assurance Activity completed over the last quarter (including Audit opinions) and planned activity • Capita Business Assurance Activity and planned activity (and any other material third party suppliers) <p>2.3 Key Data Branches</p> <ul style="list-style-type: none"> • Oversight Activity
3	Report from the CFO	<ul style="list-style-type: none"> • Executive Summary – brief overview of key points from the CFO's Report • Financial Performance – quarterly results, performance YTD and