

PLARIDEL SURETY & INSURANCE COMPANY

AUDIT COMMITTEE
CHARTER

I. Purpose

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Plaridel Surety & Insurance Company (the “Company”) is established for the purpose of assisting the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, system of financial reporting control, audit activity and process, and monitoring of compliance with applicable laws, rules and regulations.

II. Composition

1. The Audit Committee shall be composed of at least three (3) members and one of whom should be an independent director and another with audit experience; The Board may from time to time increase the membership of the Committee, and appoint additional members thereto.
2. Any vacancy in the Committee caused by the death, resignation, or disqualification of a member, or by any other cause, may be filled by the Board.

III. Powers, Functions, Duties, and Responsibilities

1. Assist the Board in the performance of its oversight responsibility for:
 - a. The financial reporting process, system of internal control, system of financial reporting process and control, audit activity and process, and monitoring of compliance with applicable laws, rules and regulations;
 - b. Management’s activities in managing credit, market, liquidity, operational, legal and other risks of the Company;
 - c. The Company’s internal and external auditors;

- d. The quality and integrity of the Company's accounting and reporting practices and controls, and the financial statements and reports of the Company;
 - e. The Company's compliance with legal, tax, and regulatory requirements;
2. Review the financial statements and all related disclosures and reports certified by the Chief Financial Officer;
 3. Review all interim and annual financial statements before submission to the Board and prior to disclosure to the public or submission to any regulatory body;
 4. Ensure an orderly, efficient, and effective financial management system supported by sound policies and procedures;
 5. Review critical accounting policies, and practices;
 6. Ensure the maintenance of an internal audit function, and review thereof including its authority, responsibilities, and reporting obligations;
 7. Ensure that the Internal Auditor has access to the Company's records, properties, and personnel relevant to and required by its function, and that the internal audit activity shall be free from interference;
 8. Recommend the appointment of an Internal Auditor and evaluate his/her performance;
 9. Review any report of the Internal Auditor;
 10. Recommend the appointment of an External Auditor and evaluate its performance;
 11. Review any report of the External Auditor;

12. Recommend the removal of an Internal Auditor or External Auditor;
13. Review and discuss with Management and the auditors, prior to submission to a regulatory body or public dissemination, the Company's audited financial statements and reports. The Committee may conduct a separate meeting in executive session with the auditors to discuss any matter that the Committee or auditors believe should be discussed privately, including the results of the audit, year-end financial statements, the quality of management, financial and accounting controls;
14. Take into account the opinions of management and the Company's internal auditors;
15. Oversee the work of any registered accounting firm employed by the Company;
16. Review the qualifications and performance of the internal and external auditors;
17. Review and discuss with Management and the external auditors the results of the audit, any audit problems or difficulties, or any significant disagreement between Management and the auditors;
18. Discuss with Management and auditors the Company's guidelines and policies with respect to risk identification, risk assessment, and risk management;
19. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements or operations;
20. Review and the adequacy and effectiveness of the Corporation's financial and internal controls and systems including financial reporting control and information technology security, and discuss recommendations for

improving the same such as the inclusion of fraud prevention measures;

21. Encourage continuous improvement of, and adherence to, the Company's policies, procedures, and practices, particularly those related to accounting and finance;
22. Review and reassess this Charter and recommend any amendments thereto as may be necessary or as conditions dictate;
23. Carry out additional functions and adopt additional policies and procedures as may be required or appropriate in light of changing business, legislative, regulatory, legal or other conditions;
24. Discharge any other duties and responsibilities delegated or assigned to the Committee by the Board from time to time.

IV. Meetings and Actions

1. The Committee may hold such meetings as often as the Committee members deem necessary in order to fulfill their role or carry out its responsibilities;
2. A quorum for a Committee meeting is at least two (2) members, and the presence in person or by telephone of a majority of the Committee's members shall constitute a quorum for any meeting of the Committee;
3. Meetings of the Committee may be held at any time in person or telephonically or by such electronic means as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously;

4. All actions of the Committee will require the vote of a majority of its members at a meeting of the Committee at which a quorum is present;
5. In lieu of a meeting, actions of the Committee may also be taken by majority consent (in physical, electronic or digital format) when deemed necessary or desirable by the Committee or its Chairman;
6. Meetings may be called by the Chairman of the Committee or by request of a majority of the Committee members with at least one day's notice of the time and place of the meeting, given personally or by letter, telegram, telephone, electronic mail, short messaging system or facsimile. Meetings may be held at any time and place without notice if all the members are present or of those not present waive notice in writing before or after the meeting;
7. Directors who are not Committee members, as well as the Chief Executive Officer or other Company officers, may attend meetings at the invitation of the Committee for advice or consultation;
8. Any member may, and the Corporate Secretary must upon request from any member, convene a meeting of the Committee;
9. The Corporate Secretary shall keep and have custody of the records of the Committee. Except for information that are required to be disclosed pursuant to law or regulations issued by competent government authorities, the records shall be kept confidential.