

Corporate Governance Guidelines for XL Group plc

The Board of Directors (the “Board”) of XL Group plc (the “Company”), acting on the recommendation of the Nominating, Governance and External Affairs Committee (the “Nominating & Governance Committee”), has developed and adopted this set of governance guidelines to promote the effective functioning of the Board and to set forth a common set of expectations for how the Board should perform its functions. In recognition of the continuing development of corporate governance practices, these guidelines will be periodically reviewed by the Nominating & Governance Committee and, if appropriate, recommendations for revision will be made by such committee to the Board.

1. Director Qualifications and Board Membership

The Board will have a majority of directors who meet the criteria for independence required by the New York Stock Exchange and as set forth in the Company’s Independence Standards. The Nominating & Governance Committee is responsible for reviewing with the Board, on an annual basis, the skills and characteristics appropriate for new Board candidates as well as an assessment of the skills and characteristics of the Board as a whole. This assessment will include consideration of the following criteria:

- Personal qualities and characteristics, including superior business judgment, integrity, high standards of ethical conduct and distinction in their chosen fields of endeavor;
- An individual’s qualification as independent;
- Current knowledge of and experience in the areas of insurance, reinsurance, financial services or other aspects of the Company’s business, operations or activities;
- Diversity of viewpoints, skills, experience and other demographics in the context of the needs of the Board; and
- Such other attributes and external factors as the Nominating & Governance Committee deem appropriate.

Nominees for directorship will be selected by the Nominating & Governance Committee in accordance with the policies and principles in its charter. When the Board determines to seek a new member, whether to fill a vacancy or otherwise, the Nominating & Governance Committee may utilize third-party search firms and consider recommendations from Board members, management and others, including shareholders.

The invitation to join the Board should be extended by the Chairman of the Nominating & Governance Committee and the Chairman of the Board on behalf of the Board.

It is the sense of the Board that a size range of 8 to 12 members is, at the present time, appropriate to provide diversity of thought and experience without hindering effective discussion. However, the Board would be willing to go to a somewhat larger size in order to accommodate the availability of an outstanding candidate. It is the sense of the Board that individual directors who change the responsibility they held when they were elected to the Board should volunteer to resign from the Board. It is not the sense of the Board that in every instance the directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board through the Nominating & Governance Committee to review the continued appropriateness of Board membership under the circumstances.

A director may serve on other public company boards as long as such service does not interfere with the director’s ability to discharge his duties to the Company. Directors should advise the Chairman of the

Board and the Chairman of the Nominating & Governance Committee in advance of accepting an invitation to serve on another company board, whether public or private. Directors who are members of the Audit Committee should not agree to serve on the audit committees of more than two other public companies without the prior approval of the Nominating & Governance Committee.

The Board recognizes that as directors develop, through valuable experience over a period of time, insight into the Company and its operations, they are able to provide increasing contribution to the Board as a whole. However, the Board also recognizes the importance of bringing fresh ideas and viewpoints to the Board. To balance these considerations, the Nominating & Governance Committee will review each director's continuation on the Board every three years. Such review will include consideration of whether the director's (i) interest and capacity are consistent with ongoing service; and (ii) continued service is consistent with the Board membership criteria set forth above. This will allow the Board to consider the continued service of each director and allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

2. Director Responsibilities

The basic 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. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors may use other outside advisors as they may deem appropriate. The directors will also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's Memorandum and Articles of Association and any indemnification agreements, and to exculpation as provided by applicable law and the Company's Memorandum and Articles of Association.

Directors are expected to attend Board meetings, meetings of committees on which they serve and the annual meeting of shareholders. Directors also are expected to spend the time needed and meet as frequently as necessary to discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed to the directors before the meeting, and directors should review these materials in advance of the meeting.

If, at any time, the Chairman of the Board is an executive director, the non-executive, independent directors of the Board will elect from among themselves a Lead Director of the Board.

The Board has a preference with respect to the separation of the office of Chairman of the Board from that of the Chief Executive Officer. The Board believes that this issue is part of the succession planning process and that this item should be regularly reviewed as appropriate.

The Chairman of the Board, in consultation with the Chief Executive Officer, and drawing on input from other directors, will establish the agenda for each Board meeting. On an annual basis, the Chairman of the Board, in consultation with the Chief Executive Officer, will establish a schedule of agenda subjects to be discussed during the year (to the degree that these can be foreseen). Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans, succession planning for the Chief Executive Officer and other executive officers and other principal issues that the Company will face in the future during at least one Board meeting each year.

The non-management directors will regularly meet in executive session during Board meetings. In addition, in the event that any non-management directors are not independent, the independent directors will meet in executive session at least once a year at such time as may be designated by the Chairman of

the Board. The Chairman of the Board or, if applicable, the Lead Director will preside at these meetings.

3. Board Committees

The Board will have at all times an Audit Committee, Management Development and Compensation Committee and a Nominating, Governance and External Affairs Committee. Each of these committees must be composed of at least three directors. In addition, all of the members of these committees, will be independent directors under the criteria established by the New York Stock Exchange and under the Company's Independence Standards.

In addition, the Board has a Risk and Finance Committee. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

Committee members will be appointed by the Board upon recommendation of the Nominating & Governance Committee with consideration of the desires of individual directors. It is the sense of the Board that consideration should be given to rotating committee assignments periodically, but the Board does not feel that rotation should be mandated as a policy.

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance.

The Chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and the Chairman of the Board working closely with the Chief Executive Officer, will develop the committee's agenda. On an annual basis each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree that these can be foreseen).

The schedule for each committee will be furnished to all directors. Each committee Chairman will keep the Chairman of the Board appropriately advised and consult on issues of importance.

The Chairman of the Board, the Board and each Board committee each has the power to hire independent legal, financial or other advisors as they may deem necessary to assist in the discharge of their respective duties including their duties under the Memorandum and Articles of Association or committee charters, without consulting or obtaining the approval of any officer of the Company in advance. All related fees and costs of such advisors will be paid promptly by the Company in accordance with normal business practices.

4. Director Access to Officers and Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chairman of the Board, Chief Executive Officer or the Secretary or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the Chairman of the Board and the Chief Executive Officer on any written communications between a director and an officer or an employee of the Company.

The Board welcomes regular attendance at each Board meeting of executive officers of the Company as appropriate.

5. Director Compensation

The form and amount of director compensation will be reviewed and determined annually by the Nominating & Governance Committee in accordance with its charter. The Nominating & Governance Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

6. Director Stock Ownership

The Board believes that directors should have a significant financial stake in the Company in order to align the interests of directors and shareholders. Therefore, the director share ownership guidelines for non-management directors require that such directors beneficially owns shares, options or share units (or any combination thereof) with a value of at least \$300,000. The director share ownership guidelines also require non-management directors to "retain and hold" 50% of each equity grant for a minimum of five years from the grant date before being allowed to sell vested shares, except as required to cover tax obligations associated with the grant.

7. Director Orientation and Continuing Education

All new directors must participate in the Company's Orientation Program, which is overseen by the Nominating & Governance Committee, and which should be conducted within two months following the election of any new director to the Board. This orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Conduct, its principal officers, and its internal and independent auditors. In addition, the Orientation Program should include visits to Company headquarters and, to the extent relevant, certain of the Company's significant offices. All other directors are also invited to attend the Orientation Program.

The Board of Directors encourages, but does not require, directors periodically to pursue continuing education opportunities in the form of programs, sessions or materials with respect to the responsibilities of directors of public companies and will reimburse directors for reasonable expenses incurred in connection with such continuing education.

8. CEO Evaluation and Management Succession

The Management Development and Compensation Committee will annually review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation and evaluate the Chief Executive Officer's performance in light of those goals and objectives as set forth in its charter.

The Management Development and Compensation Committee will review and assess the management succession plan for the Chief Executive Officer position and other executive officers and annually review its assessment of those plans with the Board. The Chief Executive Officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals. The Management Development and Compensation Committee will be responsible for conducting a search for a replacement Chief Executive Officer and making recommendations to the Board provided that the Board has not formed a special

search committee to carry out such mandate.

9. Annual Performance Evaluation

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating & Governance Committee, working with the Chairman of the Board, will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

9. Code of Conduct

Each director is subject to the Company's Code of Conduct including its annual certification requirement.

10. Shareholder Communications with the Board

Shareholders and other interested persons may communicate directly with one or more directors (including the Chairman or all non-management directors as a group) by writing to them in care of the Company's Secretary at:

XL House
One Bermudiana Road
Hamilton HM 08
Bermuda

Each communication should specify the intended recipient(s). All such communications will be forwarded to the appropriate director(s) for review, other than communications that are advertisements or other commercial solicitations.