



AUDIT COMMITTEE CHARTER

I. PURPOSE

This Audit Committee Charter (the “Charter”) sets out the structure, powers, and duties of the Audit Committee (the “Committee”) of PARAMOUNT LIFE & GENERAL INSURANCE CORPORATION (the “Corporation”) for the performance of the Committee’s oversight responsibilities mandated by the Code of Corporate Governance and the Corporation’s Manual on Corporate Governance.

The Committee is expected to support the corporate governance process through the provision of checks and balances provided in this Charter.

II. STRUCTURE

A. Membership

The Committee shall be composed of at least three (3) members selected by the Board of Directors of the Corporation (the “Board”) and shall have the following qualifications:

- a. Must have a college education or equivalent academic degree;
- b. Must be at least twenty-one (21) years old;
- c. Must have attended a seminar on corporate governance conducted by a duly recognized private or government entity or must undertake to attend such a seminar as soon as practicable;
- d. Must possess integrity and probity;
- e. Must have adequate understanding or competence of the Corporation’s financial management systems and environment;
- f. At least one of the Independent Directors must have accounting expertise; and,
- g. Other qualifications as may be provided by the Corporation’s Manual on Corporate Governance, the Corporation Code, and other relevant laws.

The Chairperson of the Committee shall preferably be an Independent Director.

The Nomination Committee may consider and recommend to the Board other qualifications which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Corporation.

The Board shall appoint the Committee members at the annual organizational meeting and shall serve until the next such organizational meeting of the Board or until their successors shall be duly elected and qualified. A member of the Committee may be removed, with or without cause, by a majority vote of the Board. Any vacancy in the

Committee may be filled by a majority vote of the members the Board, constituting a quorum, during a regular or special meeting.

B. Meetings

The Committee shall meet at least annually or more frequently as the circumstances require. The quorum for a meeting of the Committee shall be at least a majority of the Members present throughout the meeting. The minutes of the meeting shall be recorded.

All members of the Board who are not members of the Committee may attend meetings of the Committee but may not vote. The Committee may invite to its meetings members of management, other personnel of the Corporation, or any third parties such as external auditors and consultants, as it deems appropriate, in order to carry out its responsibilities.

The Committee shall timely refer to the Board its recommendations or decisions which require ratification or approval by the Board or, if otherwise, as it may deem necessary or proper.

III. POWERS AND DUTIES

While acting within the scope of its stated purpose, the Committee shall have all the authority of the Board.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that it deems appropriate.

The primary responsibility of the Committee is oversight. Management is responsible for the integrity of the Corporation's financial statements and disclosures and for maintaining effective internal controls. The external auditors are responsible for the proper audit and review of the Corporation's financial statements as may be required prior to the filing thereof with various government entities. In fulfilling their responsibilities hereunder, it is recognized that Committee members are not full-time employees of the Corporation and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing. As such, as it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures and each member will be relying in part on the expertise of Management and the external auditors.

Each member shall be entitled to rely on:

- a. the integrity of those persons and organizations within and outside the Corporation that it receives information from;
- b. the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board); and,
- c. the representations made by Management as to any information technology, internal audit and other non-audit services provided by the external auditors to the Corporation.

The following are the specific functions of the Committee:

1. The Committee shall check all financial reports against their compliance with both the internal financial management handbook and pertinent accounting standards.
2. The Committee shall perform oversight financial management functions, specifically in the areas of managing the credit, market, liquidity, operational, legal, and other risks of the Corporation.
3. The Committee shall pre-approve all plans, scope, and frequency of audits before the conduct of external audit.
4. The Committee shall perform direct interface functions with the internal and external auditors.
5. The Committee shall endeavor to elevate the Corporation's accounting and auditing processes, practices, and methodologies to international standards.
6. The Committee shall recommend the appointment and removal of the external auditor.
7. The Committee shall recommend the appointment and removal of the internal auditor.

The Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also perform other activities related to this Charter as requested by the Board of Directors.

IV. ANNUAL PERFORMANCE EVALUATION

The Committee shall perform a review and evaluation, at least annually, of its performance and its members, including reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable.

V. AMENDMENT

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.