

**THE EMPIRE LIFE INSURANCE COMPANY
(Company)**

MANDATE OF THE AUDIT COMMITTEE

AUTHORITY

Primary responsibility for the Company's financial reporting, accounting and financial reporting systems and internal controls is vested in senior management and overseen by the Board of Directors (Board). The Audit Committee (Committee) is a standing committee of the Board established to assist it in its oversight role with respect to:

- a. the integrity of the Company's financial statements and related information provided to shareholders and others,
- b. the adequacy and effectiveness of the Company's internal control environment implemented and maintained by management,
- c. the qualifications, independence and performance of the external auditor, and
- d. the Company's compliance with financial regulatory requirements.

The Committee has unrestricted access to the external auditor, Company personnel, information, documents and resources as required to carry out its responsibilities as set out below. In consultation with the Chair, the Committee has the authority to conduct or authorize investigations into any matter within its scope of authority and to obtain advice and assistance in the conduct of investigations from independent counsel, actuaries, accountants or other professional advisors at the Company's expense.

STRUCTURE AND OPERATION

1. The Committee consists of at least three Directors (including the Chair), a majority of whom are not affiliated with the Company, and each of whom is financially literate. A member of the Committee is considered to be financially literate if they are able to read and understand the Company's financial statements to the extent sufficient to be able to intelligently ask and evaluate the answers to questions about the material aspects of those financial statements. No employee of the Company or any of its subsidiaries may be a member of the Committee. The Chair is an independent director.
2. Committee members are appointed by the Board to serve one-year terms, but may serve any number of consecutive terms. Any member of the Committee may be removed or replaced at any time by the Board, and the Board will fill Committee vacancies.
3. The Committee meets at least four times each year. Any member of the Committee may call additional meetings at their discretion. The Committee may call a Board meeting to consider any matter of concern to the Committee.
4. The external auditor receives notice of all meetings, and is entitled to attend and be heard at those meetings. The external auditor may call a meeting of the Committee to consider any matter of concern to it.
5. Quorum for a meeting of the Committee is a majority of its members. Notwithstanding any vacancy on the Committee, a quorum may exercise all of the powers of the Committee. Decisions of the Committee are determined by a majority vote.

6. The Committee meets privately with each of the External Auditor, Chief Financial Officer, the Chief Actuary, the Appointed Actuary, the Chief Auditor and the General Counsel at each regularly scheduled meeting, and these officers have unrestricted access to Committee members between meetings.

RESPONSIBILITIES OF THE COMMITTEE

The Committee:

Financial Statements and Other Financial Information

7. reviews and recommends for approval by the Board:
 - a. annual audited and interim unaudited financial statements including the notes to those statements, and management's discussion and analysis (MD&A),
 - b. the annual report, annual information form and annual meeting materials,
 - c. press releases disclosing financial results,
 - d. information pertaining to the Company's portion of the annual information form and annual and interim MD&A disclosure of E-L Financial Corporation Limited (E-L),
 - e. the audited financial statements of the Company's registered pension plan, and
 - f. other documents, statements or filings that may be required by applicable regulation to be reviewed by the Committee or that the Board may determine be reviewed by it,

which review includes discussing with management matters such as the selection of accounting policies, accounting judgments, accruals and estimates,
8. discusses with management and, where considered appropriate, reviews the processes that make possible, the financial statement certifications of the Chief Executive Officer and Chief Financial Officer, and
9. conducts inquiries to be satisfied that there are adequate procedures in place for assessing the reliability of the Company's public disclosure of financial information extracted or derived from the financial statements;

External Auditor

10. oversees the work of the external auditor, which reports directly to the Committee,
11. reviews and satisfies itself with respect to the independence of the external auditor, including by reviewing and approving the Company's policies regarding the hiring of partners, employees and former partners and employees of the present or former external auditor,
12. assesses the skills and performance of the external auditor and recommends to the Board:

- a. the external auditor's appointment of, if determined by the Committee, its replacement, for the purpose of preparing or issuing auditor's reports or performing other audit, review or attestation services for the Company, in each case subject to shareholder and policyholder approval, and
 - b. the compensation of the external auditor,
- 13. reviews and approves the external auditor's engagement letters,
- 14. oversees the planning and results of external audit, including:
 - a. reviewing and approving the audit plan,
 - b. reviewing the post-audit letter of recommendations to management together with management's response,
 - c. reviewing the form of the audit report,
 - d. reviewing and approving any other audit-related engagements, and
 - e. meeting with the external auditor to discuss pertinent matters, including the annual statement and any other returns and transactions requiring review by the Committee, and
- 15. pre-approves all non-audit engagements and services to be provided to the Company by the external auditor, which function may be delegated to a member of the Committee;

Internal Financial and Audit Controls

- 16. requires the Company to implement and maintain appropriate internal control procedures; and becomes satisfied, based on reports from the Chief Auditor, that the Company's internal controls are reliable and are operating effectively,
- 17. reviews and approves the terms of reference and annual plan of the internal audit services function and monitors execution of the plan,
- 18. reviews and recommends to the Board the budget and resource plan of the internal audit services function,
- 19. meets with the Chief Auditor and with management to discuss the effectiveness of the Company's internal control procedures,
- 20. reviews other than insignificant control weaknesses identified by the external auditor and the Chief Auditor, together with management's responses,
- 21. on at least an annual basis, meets with the Appointed Actuary of the Company to:
 - a. discuss the parts of the annual statement and the annual return of the condition and affairs of the Company prepared by the Appointed Actuary,

- b. discuss the adequacy of the Company's reserving and reporting practices, and
 - c. receive the Appointed Actuary's report on the financial position and the expected future financial condition of the Company (FCT),
22. together with the Chair of the Audit Committee, otherwise interacts with the Chief Auditor and Appointed Actuary as required to support fulfilment of their mandates; the Chief Auditor and Appointed Actuary report on a functional basis to the Committee,
 23. Reviews procedures for processing complaints regarding accounting, internal accounting controls or auditing matters, including confidential, anonymous submissions from employees, and reviews annual reports from the designated Complaint Officer summarizing all concerns opened, investigated and resolved since the previous report, and
 24. on at least an annual basis, receives reports from the Disclosure Committee regarding the effectiveness of and compliance with the Corporate Disclosure Policy and regarding material breaches of the Corporate Disclosure Policy, if any;

Other Responsibilities

25. reviews at least annually and approves changes to Company policies relating to management of the external auditor, financial disclosure and fraud,
26. reviews at least annually the adequacy of and compliance with the policies for which it has oversight accountability,
27. reviews investments and transactions that could adversely affect the wellbeing of the Company as the external auditor or any officer of the Company may bring to the Committee's attention,
28. reviews and discusses with the external auditor and Appointed Actuary the reports and regulatory returns of the Company as may be specified by law, and
29. fulfils other responsibilities as may be required by applicable regulation, industry guidance, the Board or the Board Chair or Vice-Chair from time to time;

Governance

30. reviews at least annually and approves changes to the statements of mandate of the Chief Financial Officer, the Chief Actuary, the Chief Auditor and the Appointed Actuary,
31. reviews at least annually the adequacy of the authority, independence and resources of the Chief Financial Officer, the Chief Actuary, the Chief Auditor and the Appointed Actuary,
32. reviews and recommends to the Board the compensation, benefits and bonus for the Chief Auditor, with the input of the Human Resources Committee,
33. reviews and recommends to the Board the appointment, reassignment, replacement or dismissal of the Chief Auditor and the Appointed Actuary,

34. reviews matters within its mandate that are addressed in regulatory investigations, and
35. reviews its mandate and its effectiveness in fulfilling its responsibilities as set out in its mandate annually. In addition, Committee membership is reviewed annually by the Human Resources Committee to ensure the Committee as a whole includes members with experience and expertise required to fulfil its mandate and that the financial literacy requirement is met.
36. The Chair of the Committee is consulted in advance in connection with the appointment, reassignment, replacement or dismissal of the Chief Financial Officer, the Chief Actuary, the Chief Auditor and the Appointed Actuary, and may, at their discretion, contact any of these officers directly.
37. The Committee Chair reviews with the Board Chair annually a performance evaluation of the Committee.

REPORTING

38. After each meeting of the Committee, the Committee reports to the Board on matters reviewed by it.