



**Penn Millers Holding Corporation
Finance Committee Charter**

1. Members

The Board of Directors of Penn Millers Holding Corporation and its subsidiaries (collectively, the “Company”) shall appoint a Finance Committee of at least three directors, and shall designate one member as chairperson or delegate the authority to designate a chairperson to the Finance Committee. Members of the Finance Committee shall be appointed by the Board of Directors upon the recommendation of the Governance Committee.

2. Purpose, Duties and Responsibilities

The purposes of the Finance Committee of the Board of Directors is to review and make recommendations to the Board of Directors with respect to financial issues and policies of the Company, including, but not limited to, investments and investment policies and guidelines, financial planning, capital structure and management, dividend policy and dividends, and strategic plans and transactions. The Finance Committee shall not have oversight responsibility with respect to the Company’s financial reporting, which is the responsibility of the Audit Committee of the Board of Directors.

The following are included among the committee’s specific duties and responsibilities:

A. Investments

The Finance Committee shall review investments and investment policies, guidelines, strategies, risk management programs, investment transactions and the performance of the insurance companies’ investment portfolios.

B. Capital and Finance

Review the Company's capital structure and review and provide recommendations to the Board regarding the Company’s financial policies and matters of corporate finance, including,

- (i) the Company’s financial planning, cash flow management, and financial risk assessment and management,
- (ii) the issuance and the retirement or repurchase of debt, equity and other securities,
- (iii) any other transactions or financial issues that management of the Company desires to have reviewed by the Committee.
- (iv) the Company’s and subsidiaries’ dividend proposals and policies, and
- (v) Capital contributions to subsidiaries,



C. Strategic Plans

The Finance Committee shall conduct an annual financial review and assessment of proposed strategic plans and initiatives.

D. Business Transactions

The Finance Committee shall conduct a financial review and assessment of proposed business transactions, including, but not limited to, mergers, acquisitions, divestitures, joint ventures, partnerships, loans, and combination of business interests.

E. Pension and 401(k) Plan Administration

The Finance Committee shall administer the Company's Pension Plan and 401(k) Plan. (the "Plans"). These responsibilities include:

- (i) the review and approval of the investment policies of the Plans including the asset allocation ranges relevant to the Pension Plan and the range of investment options relevant for the 401(k) participants,
- (ii) the review of the performance of the investment managers,
- (iii) the review and approval of significant modifications to the designs of the Plans, and
- (iv) annually receiving and reviewing the audits of the Plans.

3. **Outside Advisors**

The Finance Committee shall have the authority to retain consultants and other third-party advisors of its selection, as it deems necessary to provide it with advice and counsel. These consultants and advisors shall be paid by the Company. The Board of Directors, in its discretion, may elect to review the terms of engagement of these consultants and advisors, and upon such review reject or terminate such engagements to the extent that the terms thereof are unreasonable or otherwise pose a conflict of interest.

4. **Meetings**

The Finance Committee shall meet at least two times per year, either in person or telephonically, and at such times and places as the Finance Committee shall determine. The Finance Committee shall report semi-annually to the full Board of Directors with respect to its activities. The majority of the members of the Finance Committee shall constitute a quorum.