



Penn Millers Holding Corporation

Compensation Committee Charter

Members

The Board of Directors (the “Board”) of Penn Millers Holding Corporation and its subsidiaries (collectively, the “Company”) shall appoint a Compensation Committee of at least three members and shall designate one such member as chairperson. All committee members must be independent directors as defined by the listing standards of the Nasdaq Global Market (“Nasdaq”) and meet any other applicable legal requirements. Additionally, members of the Compensation Committee must qualify as “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and as “outside directors” for purposes of Section 162(m) of the Internal Revenue Code.

Purposes, Duties, and Responsibilities

The purpose of the Compensation Committee is to discharge the responsibilities of the Board relating to compensation of the Company’s employees, executive officers and directors and produce the annual report on executive compensation for inclusion in the Company’s proxy statement. The duties and responsibilities of the Compensation Committee are to:

- (a) Oversee the Company’s overall compensation structure, policies and programs, and assess whether the Company’s compensation structure establishes appropriate incentives for its executive officers and employees.
- (b) Administer and make recommendations to the Board with respect to the Company’s incentive-compensation and equity-based compensation plans.
- (c) Review and approve corporate goals and objectives relevant to the compensation of the executive officers, evaluate each executive officer’s performance in light of those goals and objectives, and set each of the executive officer’s compensation level based on this evaluation. For each executive officer, other than the Chief Executive Officer, the Compensation Committee shall consider the recommendation of the Chief Executive Officer in its evaluation of such executive officer’s performance. The Chief Executive Officer may not be present during deliberations or voting related to his or her compensation.
- (d) Review and approve the design of compensation and benefit plans and programs pertaining to the Company’s executive officers and/or employees, and all amendments and modifications, thereto.
- (e) Review and make recommendations to the Board in regards to employment agreements and severance arrangements for executive officers, including change-in-control provisions, plans or agreements.



- (f) Prepare proposals for the Company's proxy statement related to compensation arrangements or benefit plans, that are subject to a shareholder vote, whether compulsory or advisory, pursuant to the Nasdaq rules or other applicable laws or regulations.
- (g) Review the compensation of directors for service on the Board and its committees and recommend changes in compensation to the Board.
- (h) Annually evaluate the performance of the Compensation Committee and the adequacy of the committee's charter.
- (i) Perform such other duties and responsibilities as are consistent with the purpose of the Compensation Committee and as the Board or Compensation Committee deems appropriate.

Subcommittees

The Compensation Committee may delegate any of the foregoing duties and responsibilities to a subcommittee of the Compensation Committee consisting of not less than two members.

Outside Advisors

The Compensation Committee will have the authority to retain, approve the engagement of, and terminate outside counsel, compensation consultants, experts, and other advisors (each an "Advisor") as it determines appropriate to assist it in the full performance of its duties, including any compensation consultant used to assist the Compensation Committee in the evaluation of director, executive officer or employee compensation. Each Advisor retained by the Compensation Committee must be independent to the extent required by law. An Advisor retained by the Compensation Committee will be paid by the Company unless such Advisor is not independent to the extent required by law. The Compensation Committee is not required to implement or act consistently with the advice or recommendations of such Advisor, and the engagement of such an Advisor shall not otherwise affect the Compensation Committee's ability or obligation to exercise its own judgment in the fulfillment of its duties.

Meetings

The Compensation Committee will meet as often as may be deemed necessary or appropriate, in its judgment, either in person or telephonically, and at such times and places as the Compensation Committee determines. The majority of the members of the Compensation Committee constitutes a quorum. The Compensation Committee will report regularly to the full Board with respect to its activities.