



FEDNAT HOLDING COMPANY COMPENSATION COMMITTEE CHARTER

I. PURPOSE

The function of the Compensation Committee (“Committee”) shall be to discharge the responsibilities of the Board of Directors (“Board”) regarding compensation of FedNat Holding Company (the “Company”) officers. The Committee shall also be responsible for overseeing all of the Company’s compensation policies, plans and benefit plans and evaluating and approving all officer compensation plans, policies and programs.

II. COMPOSITION AND QUALIFICATIONS

The Committee will be composed not less than three directors, all of whom satisfy the definition of “independent” under the listing standards of The Nasdaq Stock Market, Inc. (“Nasdaq”).

III. APPOINTMENT AND REMOVAL

The Committee members will be appointed by the Board and may be removed by the Board in its discretion. If the Board does not designate the chairperson, the members of the Committee shall designate the chairperson by majority vote. The chairperson shall chair all meetings of the Committee and set the agendas for Committee meetings. In the event of a tie vote on any issue, the chairperson's vote shall decide the issue.

IV. RESPONSIBILITIES

The scope of responsibilities of the Compensation Committee of the Board is as follows:

1. Review and approve corporate goals and objectives relevant to the compensation of the CEO and other officers.
2. Evaluate the performance of the CEO and officers with regards to specific goals and objectives from which the compensation is based.
3. Annually review and approve all compensation for the CEO and the other officers of the Company, including (a) the annual base salary level, (b) the annual cash bonus opportunity, (c) the annual long-term equity opportunity, and (d) any special or supplemental benefits. In determining the long-term component of officer compensation, the Committee will consider the Company’s performance, the value of similar incentive awards to CEOs and other officers at comparable companies, and the awards given to the CEO and other officers in past years. In making its decision affecting officer compensation policies and practices, the Committee shall consider the results of voting on advisory proposals submitted to shareholders relating to officer compensation. The CEO may not be present during voting or deliberations on his or her compensation.
4. Periodically review the Company’s policies on perquisites and the value of perquisites for officers and directors. No changes in perquisites for officers and directors shall be made without prior Committee approval.
5. Make an annual report on executive compensation in the Company’s annual meeting



proxy statement, as required by the rules of Nasdaq, the Securities and Exchange Commission (the “SEC”), and other regulatory bodies.

6. Review and approve, or recommend to the Board, Officer incentive compensation plans and equity-based plans. The Committee shall administer the Company’s incentive stock plans, including making awards under such plans, and shall review all proposed new or amended employee benefits plans.
7. Report regularly to the Board (a) following meetings of the Committee, (b) with respect to those matters that are relevant to the Committee’s discharge of its responsibilities, and (c) with respect to those recommendations that the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair of the Committee or any other member of the Committee designated by the Committee to make such report.
8. With respect to compensation for the non-executive directors, the Committee shall:
 - Review and approve corporate goals and objectives relevant to the compensation of the non-executive directors, taking into account the need to fairly compensate directors for the time devoted to Company matters, attract and retain directors with the experience and credentials appropriate for a regulated and growing company such as the Company, and align the directors' interests with the long-term interests of the Company's shareholders.
 - Recommend to the Board the timing and amount of fees paid to the non-executive directors, including the timing and amount of any annual cash retainer and equity-based compensation.
 - Make an annual report on non-executive director compensation in the Company's annual proxy statement, if and as required by the rules of Nasdaq, the SEC and other regulatory bodies.
9. Oversee the process for identifying and addressing any material risks relating to the Company’s compensation policies and practices for all employees. The Committee shall consider the extent, if any, to which risks arising from the Company’s compensation policies and practices are reasonably likely to have any material adverse effects.
10. Approve and periodically assess the effectiveness of any policies, plans or agreements concerning the recoupment of incentive compensation, or “clawback” policies.
11. Approve and authorize the Company to enter into any employment agreements, severance arrangements, change in control agreements or provisions, or other compensation-related agreements, in each case, when and if appropriate with officers of the Company.
12. Approve the amount of any discretionary contributions to be made by the Company under any retirement or savings plan.



13. Review the median of the annual total compensation of all of the Company's employees (other than the CEO), the annual total compensation of the CEO and the ratio of those two amounts, following the availability of such information calculated in accordance with the rules of the SEC.

V. MANNER OF CARRYING OUT RESPONSIBILITIES

1. The Committee shall have authority, in its sole discretion, to retain and terminate compensation consultants, including the fees and other terms of their engagements, to advise on the evaluation and compensation of the CEO and other officers of the Company. Such consultants may also be retained for other purposes, such as advising on compensation of the Company's non-executive directors. The Committee may also retain and obtain the advice of legal counsel or other advisors. The Company must provide appropriate funding, as determined by the Committee, for payment of reasonable compensation to such consultants, counsel and advisors.
2. When considering the selection of a consultant, counsel or other advisor, the Committee shall take into account the following factors: (a) whether the consultant, counsel or advisor provides other services to the Company; (b) the amount of fees received from the Company by such consultant, counsel or advisor as a percentage of total revenue of such consultant, counsel or advisor; (c) the policies and procedures of such consultant, counsel or advisor to prevent conflicts of interest; (d) any business or personal relationship between such consultant, counsel or advisor and a member of the Committee; (e) whether such consultant, counsel or advisor owns stock of the Company; and (f) any business or personal relationship between such consultant, counsel or advisor and an officer of the Company. These independence factors must be considered, although the Committee may engage such consultant, counsel or other advisor the Committee prefers after considering the factors above.
3. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such compensation consultant, legal counsel or any other advisor retained by the Committee.
4. The CEO and other officers shall not be present during deliberations or voting on their compensation.
5. The Committee shall review and reassess annually the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such review in the manner it deems appropriate. The Committee's performance will be evaluated within the Self-Evaluation that will be performed annually by the Board.

VI. CALENDAR OF ACTIVITIES

The Committee's annual activities are set forth in the Exhibit A to this Charter.



EXHIBIT A

Calendar of Annual Activities				
Meetings	Q1	Q2	Q3	Q4
1. Prepare meeting agenda in consultation with Chair, Committee members and CEO	X	X	X	X
2. Review and approve prior meeting minutes	X	X	X	X
3. Report Committee actions at next full Board meeting	X	X	X	X
Administrative Duties				
1. Review and update Charter, including Committee responsibilities		X		
2. Discuss and conduct a compensation market analysis, including program design and market review of compensation for officers and directors			X	
3. Review the Company's overall benefit programs and officer and director perquisites			X	
4. Evaluate the need for, and approve, employment, severance and other compensation-related agreements with officers		X		
5. Review and approve the compensation discussion and analysis disclosures and Committee report in the 10-K and proxy statement	X			
6. Review the CEO's compensation ratio compared to the median Company employee, as determined by the Committee in accordance with SEC rules	X			
7. Review the amount of discretionary contributions by the Company to retirement or savings plans				X
Compensation Duties				
1. Review, manage and administer all incentive compensation and equity compensation programs and policies, and all non-equity-based long-term incentive plans	X	X	X	X
2. Discuss upcoming year objectives and compensation-related goals				X
3. Review and approve compensation programs, objectives and goals for the CEO and the CEO's direct reports	X			
4. Evaluate the CEO's performance, and review the CEO's evaluation of the CEO's direct reports with regard to specific compensation-related goals and objectives	X			
5. Review and approve changes to base salary and cash bonuses for the CEO, the CEO's direct reports, and other officers in the group of top five most highly compensated officers	X			
6. Review and approve equity grants for all officers	X			



7. Review independent director annual fees and equity grants	X			
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