

AMENDED CORPORATE GOVERNANCE GUIDELINES

1. Direct the Affairs of the Company for the Benefit of its Shareholders and Policyholders

The Board believes that the primary responsibility of directors is to oversee the affairs of the Company for the benefit of its shareholders and policyholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives, advisors and auditors.

The Board agrees that day-to-day management of the corporation is the responsibility of management and that the role of the Board is to oversee management's performance of that function.

The Board of Directors exercises its authority during Board meetings. Board members share in a joint and collective authority which exists and can be exercised only when the group is in session. The organizational structure and chart of the Company, and its policies, reflect the proper reporting structure for the staff.

a. Board Access to Senior Management

Directors shall have unrestricted, full and complete access to senior management. The Chairman and Chief Executive Officer will be made aware of the substance of all communications between senior management and the Board, and copies of any written correspondence between management and the Board will be provided to the Chairman and Chief Executive Officer. Furthermore, the Board encourages the Chief Executive Officer, from time to time, to bring managers into Board and committee meetings who can provide additional insights into the items being discussed because of personal involvement in these areas, and/or have future potential such that senior management or the Chief Executive Officer believes they should be given exposure to the Board.

b. Financial Goals and Performance

The Board shall review and approve the annual operating plan and specific goals at the start of the fiscal year and financial performance quarterly (actual and in comparison to plan). The Board believes it is important to establish and evaluate longer-term objectives and to monitor short-term performance.

c. Risk Oversight

The Chief Executive Officer shall serve as the Chief Risk Officer (CRO). Senior Management shall serve as the Enterprise Risk Management (ERM) Committee. The Board of Directors shall approve the Enterprise Risk Management Policy and oversee the performance of the risk management framework established by the CRO and ERM Committee. The CRO will report to the Board of Directors on

an annual or more frequent basis, as requested, to present the significant risks or exposures facing the Company and steps the CRO and ERM Committee have taken (including the policies and processes implemented) to identify, assess, monitor, manage and mitigate such risks or exposures.

The Board is responsible to:

- (i) obtain an understanding of the principal risks of the Company's business;
- (ii) obtain reasonable assurance that appropriate and prudent risk management processes to manage these risks have been implemented, and review these processes regularly; and
- (iii) obtain reasonable assurance, on a regular basis, that these processes are being adhered to and continue to effectively manage the risks affecting the Company.

d. Independent Advisors

The Board shall have the power to hire independent legal, financial or other advisors as it may deem necessary, at the Company's expense, without consulting or obtaining the approval of any officer of the Company in advance. With the exception of the Audit Committee, committees of the Board shall obtain prior approval from the Board before hiring independent legal, financial or other advisors.

e. Long-Range Strategy of the Company

The Board believes that long-range strategic issues should be discussed as a matter of course at regular Board meetings, but that given the complexity of the organization and the level of change in the industry, it is important to hold periodic meetings devoted solely to discussion of strategic issues. The Board shall hold an annual strategic planning session, with the timing and agenda to be determined by the Chief Executive Officer with the concurrence of the Board. During this session, long-term initiatives and goals should be considered and discussed.

f. Board Guidelines

The Board should maintain written corporate governance guidelines, which will be reviewed periodically by the designated committee with a report to the Board of the committee's findings and recommendations. If necessary, the guidelines should be revised and updated by the Board, based upon the recommendations of the designated committee.

g. Board Interaction with the Media, Customers and Other Third Parties

Directors of the Company are not to respond to inquiries from the media unless specifically asked to do so by the Chairman of the Board and Chief Executive Officer. Inquiries from the media should be referred immediately to the Chief Executive Officer. The Board believes that the Chairman, the Chief Executive Officer, and other appropriate members of senior management speak for the Company, and that the Chairman speaks for the Board.

h. Ethical and Legal Business Environment

The Board believes that the long-term success of the Company is dependent on the maintenance of an ethical business environment that focuses on adherence to both the letter and the spirit of regulatory and legal mandates.

Board and committee agendas and materials are established with legal and regulatory requirements in mind. The Board expects that management will conduct operations in a manner supportive of the Board's goal of promoting an ethical business climate.

The Board has established and regularly reviews a Code of Conduct and Ethics Policy and Director and Officer Code of Business Conduct and Ethics Policy (together "Ethics Policies") that must be complied with by all directors. The Board expects that all members of senior management and all other employees will comply with the Company's Ethics Policies applicable to them. The Board expects that any violation of the Ethics Policy will be brought to its attention at Board meetings or sooner, as appropriate in the circumstances, as determined by the Chief Executive Officer.

2. Oversee Board Membership, Performance, Development and Compensation

a. Size and Composition of Board

Subject to the Company's Certificate of Incorporation and By-Laws, the Board will fix from time to time by resolution the number of directors constituting the Board, guided by the recommendations of the designated committee. The Board believes that as a matter of policy there should be a majority of independent outside directors on the Board, and no more than two inside directors.

b. Selection of the Chairman of the Board

The Chairman of the Board may be an officer/director or an outside director and may or may not be the same individual as the Chief Executive Officer, at the option of the Board.

c. Former Chief Executive Officer's Board Membership

The Board believes the continuation of Board membership of the Chief Executive Officer after retirement or resignation from that position is a matter to be decided in each individual instance. When the Chief Executive Officer retires or resigns from that position, such individual is expected to offer his or her resignation from the Board at the same time; provided that, if such individual is also serving as Chairman, the Board may determine that he or she shall continue to serve in that capacity following his or her retirement or resignation as Chief Executive Officer. A former Chief Executive Officer serving on the Board will be considered as an inside director for five years after resignation for purposes of corporate governance.

d. Board Membership Criteria and Self-Assessment

The Chairman of the Board is responsible for reviewing with the Board on an annual basis the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include issues of diversity, age and skills such as an understanding of insurance, financial background and related skills, etc., all in the context of an assessment of the perceived needs of the Board at that point in time.

Annually, the Board shall assess its performance and that of the committees of the Board. Such assessment shall include an evaluation by each director of the Board's performance; namely, what is good and what needs improvement, in order to assess whether the Board and its committees are functioning effectively. The Chairman will review the aggregate data from the Board and committee evaluations with the designated committee. The designated committee will report the results of the evaluation to the full Board. This assessment should be of the Board's contribution as a whole and specifically review areas in which the Board believes the Board and its committees could improve. The Board expects that based on the recommendations of the committee charged with aggregating self assessment data, that the designated committee will take appropriate action to effect changes in incumbent directors if, in the opinion of that committee after discussion with the Chairman of the Board and the Chief Executive Officer, any director is not contributing to the work of the Board.

e. Director Nominations

It is the Board's responsibility to nominate individuals for election as director, and to fill vacancies, if any. The Board should encompass individuals with diverse talents, backgrounds, and perspectives. Men and women of different personal and professional characteristics can contribute different, useful perspectives, and can work effectively together to further the Company's mission.

The Board shall charge a committee with recruiting new directors, and presenting directors for nomination for Board approval. The Board expects that committee to consider the views of the Chairman and the Chief Executive Officer in making recommendations for nomination, but it is that committee's responsibility to make director recommendations to the full board for approval and for submission to shareholders for election at the time of the Annual Shareholders Meeting.

The Company does not set specific criteria for directors but believes that candidates should show evidence of leadership in their particular field, have broad experience and the ability to exercise sound business judgment.

The invitation to join the Board should be extended by the Chairman of the Board, on behalf of the entire Board.

f. Affiliation of Directors

It is the responsibility of each director to annually complete the Questionnaire on Conflicts of Interest and to immediately provide disclosure, in writing prior to acceptance of appointments as directors or officers or engagement as employees or consultants with other companies, to the Chairman of the Board and the designated committee(s) of the Board for approval. A conflict of interest may exist if an individual, or a member of his or her immediate family, has an investment or other financial interest in a competitor or in any individual firm doing business or seeking to do business with the Company. Financial interest in a competitor or Vendor, except for publicly traded stock that is less than 5% of the individual's assets, must be reported to the Corporate Secretary's office.

g. Director Independence

The Board will consider whether directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director, an immediate family member, or an organization with which the director is affiliated.

h. Term Limits

The Board believes that consistent quality in Board membership can be achieved effectively without director term limits. Through the nomination and self-assessment processes the strengths and weaknesses of incumbent directors and the Board as a whole are reviewed at least annually.

i. Limit on the Number of Board Memberships by Directors

The Board believes that each director may serve on other board(s). The Board expects that each director will give proper attention to his or her board responsibility and service to the Company. Directors must provide disclosure in writing prior to acceptance of appointments as directors or officers or engagement as employees or consultants with other companies to the Chairman of the Board and the designated committee(s) of the Board for approval.

j. Director Orientation

To promote director effectiveness, management has implemented an orientation and continuing education process.

Within twelve (12) weeks of being elected or appointed to the Board, all new directors must participate in the Company's orientation process. The orientation will include introductions to senior management, seminars and presentations to familiarize each new director with the Company's strategic plans, its significant financial, accounting and risk exposures, its compliance programs, its internal and independent auditors and its Code of Business Conduct and Ethics Policy and the new director shall complete the Questionnaire on Conflicts of Interest. New directors are also required to attend one of the Company's risk management seminars as part of their new director orientation. In addition, all directors are expected to attend at least eight (8) hours of programs designed and designated by the Company for the continuing education and training of directors every year.

k. Board Compensation Review

The Board believes that the level of director compensation generally should be competitive with that paid to directors of similar size insurance companies in the United States. The designated committee is responsible for making recommendations to the Board with respect to director compensation. The Board must approve director compensation and benefit programs, if any.

3. Set the Guidelines for the Conduct of Board Meetings

a. Conduct of Meetings

The Board believes its meetings should be conducted in a manner that ensures open communication, objective, constructive and proactive participation and timely resolution of issues.

b. Frequency of Meetings

The Board believes that the number of scheduled Board and Board committee meetings should vary with circumstances and that special meetings should be called as necessary. While the Board recognizes that directors discharge their duties in a variety of ways, including personal meetings and telephone contact with senior management and others regarding the business and affairs of the Company, the Board feels it is the responsibility of individual directors to make themselves available to personally attend both scheduled and special Board and committee meetings on a consistent basis and to meet as frequently as necessary to properly discharge their responsibilities.

c. Board Meeting Agendas

The Chairman of the Board and Chief Executive Officer will establish the Board agenda for each meeting of the Board of Directors taking into account suggestions of Board members.

As with the agenda, the Board believes that the Chairman and Chief Executive Officer should determine the form of each presentation to the Board and the person to make such presentation. However, the Board believes it is important that the line and support unit managers make presentations to the Board so that the Board may become familiar with a broader component of the Company's management.

d. Distribution of Board Materials

The Board believes that information, documentation and data that are important to the Board's understanding of the business to be addressed at Board meetings, should be distributed in writing to the directors before the Board meets. Each director is expected to review and be familiar with these materials in advance of each meeting. Management will endeavor to provide material that is concise, informative and clear and will give Board members sufficient time to review the material before meetings. Longer and more complex documents should contain executive summaries. The focus of materials should be on analysis rather than data and responsive to legal and regulatory mandates.

Background materials for presentations on specific subjects should be sent to the directors sufficiently in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. On those occasions in which the subject matter is too sensitive to provide in writing, the presentation will be discussed at the meeting.

Board and committee meeting materials will be retained by management in accordance with the Company's Record Retention Policy. Directors shall have access to current meeting materials electronically on individually assigned electronic devices plus meeting materials from the prior meeting. Following each

meeting, Directors and other meeting participants shall return hard copy meeting materials to the Corporate Secretary for secure destruction. Requests for historic meeting materials should be directed to the Corporate Secretary.

The designated committee periodically reviews the information flow to Board members to ensure that directors receive the right kind and amount of information from management in sufficient time to prepare for meetings. The Chairman has directed the Corporate Secretary to periodically discuss director satisfaction with Board materials with individual directors and encourages directors to offer suggestions on materials.

e. Executive Sessions

The Board's policy is that outside directors should meet in executive session from time to time and that some of the sessions should be with the Chief Executive Officer, who is an inside director, and some should be outside the presence of the Chief Executive Officer and any other inside directors or management officers. The non-management directors will meet in executive session, outside the presence of any member of management, at least once annually or as required by the Board. Opportunities for these sessions are available before, during or after each regularly scheduled Board meeting.

f. Attendance of Non-Directors at Board Meetings

The Board accepts that there will be regular attendance at each Board meeting of non-directors who are members of senior management of the Company, which normally includes the Chief Financial Officer, the General Counsel, and Senior Vice Presidents, and with the regular attendance at each Board meeting of the non-Board member who is serving as Corporate Secretary (or, in the absence of the Secretary, Assistant Secretary) to the Board. Should the Chief Executive Officer want to add additional people as attendees on a regular basis, it is expected that this suggestion would be made to the Board.

4. Set Criteria and Guidelines for Board Committees

a. Number of Committees

There will, from time to time, be occasions in which the Chairman of the Board of Directors, subject to confirmation by a majority of the entire Board, may want to form a new committee or disband a current committee depending upon circumstances. Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance.

b. Frequency and Length of Committee Meetings

The committee chairman, in consultation with committee members, the Chief Executive Officer and appropriate members of senior management, will determine the frequency and length of the meetings of each committee.

c. Committee Agenda

The chairman of each committee, in consultation with the Chief Executive Officer, appropriate members of senior management and other committee members, will develop the committee's agenda.