

The Navigators Group, Inc.

Compensation Committee of the Board of Directors Charter

I. PURPOSE

The Compensation Committee is a committee of the Board of Directors. It shall (1) oversee the Board's responsibilities relating to the amount and form of compensation to the Company's executives, (2) produce an annual report on executive compensation for inclusion in the Company's proxy statement, and (3) determine the amount and form of compensation for the non-management directors of the Board, subject to review by the Corporate Governance & Nominating Committee and approval by the Board.

II. COMPOSITION

The Compensation Committee shall be composed of three or more directors, none of whom shall be an employee of the Company, and each of whom shall meet the independence requirements of the NASDAQ Stock Market and the Securities Exchange Act of 1934. At least two members of the Compensation Committee shall be "non-employee directors" as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, and "outside directors" as defined in Section 162(m) of the Internal Revenue Code, unless the actions of the Compensation Committee are approved by the entire Board.

The members of the Compensation Committee shall be elected by the Board, upon recommendation of the Corporate Governance & Nominating Committee, at the annual meeting of the Board, and shall serve until the next annual meeting or until their respective successors shall be duly elected and qualified. The Board shall designate one member as the Chairman of the Compensation Committee.

III. FUNCTIONS

The Committee shall have the following functions, as well as any functions as shall be required of compensation committees by the NASDAQ Stock Market:

- to review and approve corporate goals and objectives relevant to the Chief Executive Officer's ("CEO's") compensation; to evaluate the CEO's performance in light of those goals and objectives; and to set the CEO's compensation level based on this evaluation. In determining the incentive component of CEO compensation, the Committee should consider the Company's underwriting, total operating and overall financial performance, as well as relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years;
- to review and approve corporate goals and objectives relevant to the Chairman of the Board of Directors' ("Chairman") compensation; to evaluate the Chairman's performance in light of those goals and objectives; and to set the Chairman's compensation level based on this evaluation. In determining the incentive component of Chairman compensation, the Committee should consider the Company's underwriting, total operating and overall performance, as well as relative

stockholder return, the value of similar incentive awards to Chairmen at comparable companies, and the awards given to the Company's Chairman in past years;

- to review and approve corporate goals and objectives relevant to senior executive compensation, evaluate senior executive performance versus those goals and objectives, and to set the senior executive compensation levels based on this evaluation;
- to make recommendations to the Board with respect to incentive compensation plans and equity-based plans, including, without limitation, modifications from time to time of the Company's Incentive Stock Option Plan, Non-Qualified Stock Option Plan, Stock Appreciation Rights Plan, 2002 Stock Incentive Plan and Executive Performance Incentive Plan;
- to administer the Company's Incentive Stock Option Plan, Non-Qualified Stock Option Plan, Stock Appreciation Rights Plan, 2002 Stock Incentive Plan and Executive Performance Incentive Plan, and to grant stock options or other awards pursuant to such plans;
- The Compensation Committee shall have such other powers and functions as may be assigned to it by the Board of Directors from time to time.

In addition, the Compensation Committee has sole authority to retain and terminate any compensation consultant or consulting firm to assist in the evaluation of director, CEO, Chairman, or senior executive compensation, including sole authority to approve the consultant's fees and other retention terms. The Compensation Committee may also, at its discretion, engage legal counsel or other advisers as it deems necessary to carry out its functions.

IV. ADMINISTRATIVE

The Compensation Committee shall meet in person or telephonically at least twice per year at a time and place determined by the Chairman of the Compensation Committee, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed desirable or appropriate by the Chairman of the Compensation Committee. Members of senior management or others may attend meetings of the Compensation Committee at the invitation of the Compensation Committee and shall provide pertinent information as necessary. The Company's CEO should not attend any portion of any meeting during which the CEO's performance or compensation are discussed, unless specifically invited to do so by the Chairman of the Compensation Committee. The Chairman of the Compensation Committee shall set the agenda of each meeting and arrange for the distribution of the agenda, together with supporting material, to the Compensation Committee members prior to each meeting. The Chairman will also cause minutes of each meeting to be prepared and circulated to the Committee members. A majority of the members of the Compensation Committee shall constitute a quorum for all purposes.

The Committee shall report regularly to the Board as to its activities, it shall review and reassess the adequacy of this Charter annually, and recommend and propose changes to the Board for approval.