

**JAMES RIVER GROUP, INC.**

**COMPENSATION COMMITTEE CHARTER**

**I. Purpose**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of James River Group, Inc. (the “Company”) to assist the Board of Directors with reviewing the performance of Company management in achieving corporate goals and objectives and assuring that executives of the Company are compensated effectively in a manner consistent with the strategy of the Company, competitive practice and the requirements of the appropriate regulatory bodies. Toward that end, the Committee will make recommendations to the Board regarding director and executive officer compensation, equity-based compensation plans and employee benefit plans, and do such other things as are set forth in this Charter.

**II. Committee Membership**

The Committee shall consist of two or more directors as determined by the Board of Directors. The members of the Committee shall be appointed by the Board and may be removed or replaced by the Board at any time. Unless a Chairman is selected by the Board, the members of the Committee may designate a Chairman.

Each Committee member shall meet the independence requirements of the Nasdaq Stock Market.

**III. Meetings**

The Committee shall meet as often as the Committee deems necessary to perform the Committee’s responsibilities. Meetings may be called by the Chairman of the Committee and/or by the management of the Company. At all meetings of the Committee, a majority of the Committee members shall be necessary to constitute a quorum for the transaction of business. Members of the Committee may participate in meetings by means of telephone conference or similar communications equipment whereby all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

**IV. Committee Duties and Responsibilities**

The Committee shall:

- review and consider corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer’s performance in light of those goals and objectives, and make recommendations to the Board with respect to the total compensation package, including salary, bonus, stock options, benefits and other compensation arrangements, for the Chief Executive Officer;
- make recommendations to the Board with respect to the compensation of, and oversee the evaluation process for, all executive officers of the Company (other than the Chief Executive Officer);

- make recommendations to the Board of Directors with respect to, and supervise the administration of, any Company employee benefit plan, incentive compensation plan, equity-based compensation plan or profit sharing plan, including making and approving stock option grants and other discretionary awards under the Company's incentive or equity-based compensation plans;
- review board compensation and compensation practices and make recommendations with respect thereto to the Board of Directors;
- prepare the Committee's annual report for inclusion in the Company's proxy statement; and
- report to the Board of Directors regularly regarding issues that arise in connection with the performance of its responsibilities outlined herein.

**V. Other Matters.**

The Committee and its members shall have unrestricted access to management. The Committee shall have sole discretion, in its areas of responsibility, at Company expense, to retain and terminate independent advisors, including sole authority to approve the fees and retention terms for such advisors, if it shall determine the services of such advisors to be necessary or appropriate. Should any member of the Committee believe that participation of management or independent advisors in any discussion of a particular subject at any meeting would be advisable, they are free to make such request.

The Committee may, when appropriate in its discretion, delegate authority with respect to specific matters to one or more members, provided that all decisions of any such members are presented to the full Committee at its next scheduled meeting.