

21ST CENTURY INSURANCE GROUP
COMPENSATION COMMITTEE CHARTER

I. Purpose of Committee

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of 21st Century Insurance Group (“21st”) oversees the administration of 21st’s compensation programs, determines and approves the compensation of the Chief Executive Officer (“CEO”), makes recommendations with respect to the compensation programs applicable to senior executives and other employee compensation, and produces a compensation committee report on executive compensation for inclusion in 21st’s annual proxy statement in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”).

II. Committee Membership

The Committee shall be comprised of at least three directors, each of whom shall serve at the pleasure of the Board and shall comply with all applicable rules of the New York Stock Exchange, Inc. (“NYSE”) and any other applicable law, rule, or regulation. The Board shall appoint a chairperson of the Committee. Each member shall also be an outside director for purposes of Section 162(m) of the Internal Revenue Code and a non-employee director for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

III. Organization

The Committee will meet at least one times a year or more frequently as it deems necessary or appropriate to carry out its responsibilities.

The chairperson shall, in consultation with other Committee members, set the agenda for and preside at meetings of the Committee. The Secretary of 21st or another designated individual shall record and keep minutes of all Committee meetings.

The Committee may invite such members of management to its meetings as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of compensation discussions.

IV. Committee Duties and Responsibilities

The following are the duties and responsibilities of the Committee:

- A. In consultation with senior management, to make recommendations to the Board with regard to 21st’s general compensation philosophy, and oversee the development and implementation of 21st’s compensation programs.
- B. To review and approve performance goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of

those goals and objectives, and determine and approve either as a committee or together with the other independent directors (as directed by the Board) the CEO's compensation, including salary, bonus, and incentive or equity compensation, based on this evaluation. The performance goals shall include one or more of the following criteria: return on equity; net income; increases in net income over one or more prior years; growth in net or written premiums; earnings per share; book value per share; increases in share value as measured by stock price performance; combined loss and expense ratio; and expansion of geographic and product markets.

- C. To make recommendations to the Board with respect to the compensation programs applicable to other senior executives of 21st.
- D. To make recommendations to the Board with respect to 21st's compensation plans and equity-based plans, discharge any responsibilities imposed on the Committee by any of these plans, oversee the activities of the individuals and committees responsible for administering these plans and approve any new equity compensation plan or any material change to an existing equity compensation plan where shareholder approval has not been obtained.
- E. In consultation with senior management, to oversee regulatory compliance with respect to compensation matters.
- F. To review and approve any severance or similar termination payments proposed to be made by 21st to any current or former senior executive of 21st.
- G. To exercise such other powers and authority as the Board shall, from time to time, confer upon it.

V. Committee Reports

The Committee shall prepare the following reports and provide them to the Board:

- A. A Compensation Committee report on Executive Compensation as required by the SEC to be included in 21st's annual proxy statement, in accordance with applicable SEC rules and regulations.
- B. A summary of the actions taken at each Committee meeting.

VI. Committee Self-Assessment

The Committee shall conduct an annual evaluation of its performance and report the results of such review to the Board. In connection with that annual review, the Committee shall also recommend to the Board any modifications of this Charter that the Committee deems necessary or appropriate. The format of the self-assessment shall be determined by the Committee.

VII. Resources and Authority of the Committee

The Committee shall have direct access to, and complete and open communications with, senior management and may obtain advice and assistance from internal legal, accounting, and other advisors to assist it. The Committee may retain independent legal, accounting, and other advisors to assist it, and may determine the compensation of such advisors, and 21st shall be responsible for any costs or expenses so incurred.

As of March 29, 2004.