

**American Physicians Capital, Inc.**  
**GOVERNANCE COMMITTEE CHARTER**  
**Adopted February 2001**  
**Amended and Restated January 26, 2005**

**I. Purpose**

The American Physicians Capital, Inc. (“APCapital”) Governance Committee (the “Committee”) shall assist the Board of Directors (“Board”) in implementing policies and actions to promote the efficient and effective governance of APCapital and its relations and interaction with its subsidiaries, divisions and affiliates. The Committee serves in an advisory capacity to the Board and has primary responsibility to:

- Identify and recommend to the Board nominees qualified to serve on the Board;
- Develop and recommend to the Board for its approval a set of corporate governance principles applicable to APCapital;
- Oversee insider trading policies and procedures;
- Oversee the evaluation of the Board, each standing committee and, in consultation with the CEO, each individual director; and
- Make recommendations regarding director nominees submitted by shareholders of APCapital and develop procedures for reviewing and handling shareholder proposals.

Whenever APCapital is legally required by law, contract or otherwise to provide third parties with the ability to nominate directors, the selection and nomination of such directors shall not be subject to the provisions of this Charter.

**II. Committee Membership**

The Committee shall consist of at least three members, each of whom shall satisfy the independence and experience requirements of applicable law and the Nasdaq Stock Market (“Nasdaq”). Initial determinations regarding such qualifications will be made by the Board in its business judgment. The Committee will review annually the composition of its members and make recommendations to the Board with regard to necessary changes.

**III. Committee Organization**

The Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this Charter. Committee members shall be recommended by the Committee and approved by the full Board. Committee members serve at the pleasure of the Board. The Chairperson shall, in consultation with management and other Committee members, set the agenda for and preside at Committee meetings. The Committee will meet from time to time in executive session without management participation. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

The Committee has the authority to retain and terminate, and shall have sole authority over any independent legal, financial or other advisors as it may consider necessary to carry out its responsibilities under this Charter, without conferring with or obtaining the approval of management or the full Board, including without limitation independent consultants to assist it in identifying and evaluating director candidates. This authority shall include the sole authority to retain and terminate any search firm used to identify director candidates and sole authority to approve the search firm's fees and other retention terms. APCapital will provide the Committee with sufficient funding to exercise its authority to retain any consultant or advisor.

Except to the extent prohibited by Nasdaq rules and state law, the Committee may delegate its authority to subcommittees when it deems appropriate and in the best interests of APCapital.

#### **IV. Duties and Responsibilities**

The Committee shall assist the Board in implementing policies and actions to promote the efficient and effective governance of APCapital and its relations and interaction with its subsidiaries, divisions and affiliates. It shall also be the duty of this Committee, subject to such limitations as the Board may provide, to:

##### *Director Nominations*

- (a) Function as a centralized “nominating committee” and to present a timely slate of director nominees for the Board of APCapital and its subsidiaries, as applicable, before each annual or special meeting at which elections of directors are to occur. In making its recommendations, the Committee shall consider the overall composition and diversity of the Board and the expertise and characteristics that new Board members may be able to offer.
- (b) Review and make recommendations to the Board with regard to the composition of Board committees.
- (c) Review and make recommendations regarding director nominees submitted by shareholders of APCapital.

##### *Annual Evaluation of Board Performance*

- (a) The Committee, using such resources or methods as deemed appropriate, shall report annually to the Board an assessment of the Board’s performance, each standing committee and, in consultation with APCapital’s CEO, each individual director. Such report will be presented to the full Board at such time as recommendations for Board nominees are provided to the Board.
- (b) Interact with the Board of APCapital and its subsidiaries to monitor and assess director performance, including providing advice and recommendations with regard to director qualifications, tenure, reprimand, counseling, improvement, or discipline.

- (c) Establish recommended principles, standards and procedures, and provide for education efforts concerning fulfillment of director responsibilities for APCapital and its subsidiaries.

#### *Corporate Governance*

- (a) Develop and recommend to the Board the corporate governance principles for APCapital. Periodically, the Committee shall review and reassess the adequacy of such principles and recommend any proposed changes to the Board. The Committee shall generally advise the Board on the corporate governance structure and conduct of the Board.
- (b) Recommend to the Board of APCapital and its subsidiaries any procedures concerning corporate governance generally, including any associated communications, action items or other processes which advance efficient and effective inter- and intra-corporate relations.
- (c) Coordinate with any committee of the Board or its subsidiaries concerning steps necessary to achieve the overall mission of the Committee.
- (d) Review and make recommendations to the Board regarding proposals of shareholders that relate to corporate governance and establish procedures for handling such proposals.

#### *Insider Trading*

- (a) Provide oversight and recommendations to the Board with regard to insider trading policies and procedures.

### **V. Reporting**

The Committee shall keep minutes of each meeting held and provide a written report to the Board with regard to each meeting. The Chairperson may also report at Board meetings on Committee matters as requested.

### **VI. Committee Self-Evaluation**

At least annually, the Committee shall evaluate its own performance and report to the Board on such evaluation. The format of the self-evaluation shall be determined by the Committee. In connection with such evaluation, the Committee shall recommend to the Board any necessary modifications to this Charter.