

SEABRIGHT INSURANCE HOLDINGS, INC.

CORPORATE GOVERNANCE GUIDELINES

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of SeaBright Insurance Holdings, Inc. (the “Corporation”) to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view toward enhancing long-term stockholder value. These Corporate Governance Guidelines are not intended to change or interpret any Federal or State law or regulation, including the Delaware General Corporation Law, or the Certificate of Incorporation or Bylaws of the Corporation. These Corporate Governance Guidelines are subject to modification from time to time by the Board.

1. Roles and Responsibilities of the Board

The Board is primarily responsible for the strategic direction and oversight of the management of the Corporation. The members of the Board serve as the elected representatives of the current and future stockholders, act as advisers to the Chief Executive Officer and senior management, and oversee management’s performance on behalf of the stockholders.

The Board’s specific responsibilities include (i) reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions; (ii) adopting policies designed to encourage the highest levels of corporate conduct by the Board, the Corporation and its officers, employees and agents; (iii) assessing major risks facing the Corporation and reviewing options for their mitigation; and (iv) providing advice and oversight with respect to the selection, evaluation, development and compensation of executive officers.

A Director is expected to spend the time and effort necessary to properly discharge such Director’s responsibilities. Accordingly, a Director is expected to regularly attend meetings of the Board and committees on which such Director sits, and to review prior to meetings material distributed in advance for such meetings. As provided in the applicable rules and regulations of the Securities and Exchange Commission, if a Director fails in any calendar year to attend at least seventy-five percent of the meetings of the Board or any committee on which he or she serves, then such attendance failure shall be disclosed in the Proxy Statement for the Annual Meeting of Stockholders for the following year. Directors are encouraged to attend the Annual Meeting of Stockholders.

2. Frequency of Board Meetings

There shall be four regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held quarterly.

3. Size of the Board

As provided by the Articles of Incorporation, as amended, the number of Directors which shall make up the Board shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the total number of Directors then in office.

4. Director Qualifications

The Nominating and Corporate Governance Committee is responsible for identifying, screening and recommending Director candidates to the full Board. In evaluating candidates, the Nominating and Corporate Governance Committee shall consider the person's ability, as demonstrated by recognized success in his or her field, to make meaningful contributions to the Board's oversight of the business and affairs of the Corporation and the person's reputation of integrity and competence in his or her personal or professional activities. Other criteria for membership shall include a candidate's judgment, skills, diversity of experience, understanding of the Corporation's business or other related industries, and the needs of the Board. The Nominating and Corporate Governance Committee shall screen all candidates in the same manner, regardless of the source of the recommendation. The assessment also includes qualifications of independence under the New York Stock Exchange and the Securities and Exchange Commission's rules, financial literacy for Audit Committee members and qualifications necessary to meet the Securities and Exchange Commission's requirements for an "audit committee financial expert."

The Nominating and Corporate Governance Committee is responsible for establishing procedures for, and administering annual performance evaluations of the Board and its committees.

5. Director Independence

The Corporation's Board shall have a majority of independent Directors. With respect to determining independence of a director candidate, the Nominating and Corporate Governance Committee shall at a minimum consider the requirements set forth by the New York Stock Exchange listing standards. In determining independence, the Board evaluates whether Directors have any material relationship with the Corporation. In assessing the materiality of a Directors' relationship with the Corporation, the Board will consider all relevant facts and circumstances. Each independent Director shall notify the Board, as soon as practicable after he or she has knowledge of any event, situation or condition that may affect the Board's evaluation of his or her independence. Such notification shall include whether the event, situation or condition could also be a related person transaction.

6. Director Orientation and Continuing Education

The Board and management shall conduct a comprehensive orientation process for new Directors to become familiar with the Corporation's vision, strategic directions, and core values including ethics, financial matters, corporate governance practices and other key policies and practices. The orientation shall include a review of background materials and meetings with senior management and members of the Board.

The Corporation also recognizes the importance of continuing education for its Directors and encourages Directors to attend formal educational seminars and courses covering corporate governance matters, industry related topics or other items of interest to serving as a Director. The Nominating and Corporate Governance Committee and management shall communicate external and internal training and educational opportunities for continuing the education of Directors in areas of importance to the Corporation. The Nominating and Corporate Governance Committee shall host educational presentations to the Board.

7. Election, Term and Retirement of the Directors

Election and Term. A Director holds office until the Annual Meeting of Stockholders next succeeding his or her election and until a successor is elected and qualified or until his or her earlier death, resignation or removal.

Director Retirement. The Corporation does not have a policy regarding mandatory Director retirement.

Other Public Corporation Directorships. Except where limited by regulation or listing standards, the Corporation does not have a policy limiting the number of other public company boards of directors upon which a Director may sit.

Director Tenure. The Nominating and Corporate Governance Committee considers the performance of incumbent Directors in determining whether to recommend them to stand for reelection at the Annual Meeting of Stockholders.

Board Vacancies. In the event that a vacancy on the Board is created for any reason, and it is determined by the Board that the vacancy is to be filled, the Nominating and Corporate Governance Committee will consider all nominees for election as Director, including nominees recommended by stockholders.

8. Presiding Independent Director

The role of Presiding Independent Director shall rotate among each of the independent Directors in alphabetical order based on last name. The Presiding Independent Director shall serve for a period of one year. The Presiding Independent Director's duties include presiding at executive sessions of the Board, communicating to the Chief Executive Officer such matters arising out of the executive sessions as the Directors may desire to be communicated to the Chief Executive Officer, and undertaking such further duties as may subsequently be determined by the Presiding Independent Director and the Board.

9. Separate Sessions of Independent Directors

In keeping with the requirements set forth by the New York Stock Exchange listing standards, it is the policy of the Corporation that independent Directors of the Corporation shall meet in executive session, without management Directors or management, in connection with the

regularly scheduled quarterly Board meetings and at such other times as they deem necessary. The Presiding Independent Director shall preside at such executive sessions, or in the absence of the Presiding Independent Director, another independent Director shall preside at such executive sessions.

10. Board Compensation

A Director who is also an officer of the Corporation shall not receive additional compensation for service as a Director. The Compensation Committee establishes the total compensation for the Directors of the Corporation and periodically reviews such compensation.

11. Guidelines for the Ownership of the Corporation's Common Stock

The Corporation believes that the interests of the Corporation's Directors should be aligned with the Corporation's stockholders, and, consistent with this belief, the Board has adopted guidelines for the ownership of SeaBright common stock by the Corporation's Directors. From time to time, the Compensation Committee will evaluate these guidelines and, if appropriate, recommend that the Board adopt changes to them.

12. Communications to the Board

Interested parties may communicate with the Board, the Audit Committee or the independent Directors, individually or as a group, by directing communications to the Secretary at the following address: SeaBright Insurance Holdings, Inc., 1501 4th Avenue, Suite 2600, Seattle, WA 98101. The communication should prominently indicate on the outside of the envelope that the communication is intended for the Board, for the Audit Committee or for individual Directors. In accordance with instructions from the Board, the Secretary will review all communications, organize the communications for review by the Board, the Audit Committee or individual Directors and will promptly forward communications (other than communication unrelated to the operation of the Corporation, such as advertisements, mass mailings, solicitations and job inquiries) to the Board, the Audit Committee or individual Directors

13. Self-Evaluation by the Board

The Nominating and Corporate Governance Committee will sponsor an annual self-assessment of the Board's performance as well as the performance of each committee of the Board, the results of which will be discussed with the full Board and each committee.

14. Board Access to Management and Outside Advisors

Board members shall have access to the Corporation's management and, as appropriate, to the independent advisors.

15. Board Interaction with Institutional Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Corporation. Each Director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee.

16. Committee Matters

Number and Names of Board Committees. The Corporation shall have three standing committees: Audit, Nominating and Corporate Governance, and Compensation. The purpose and responsibilities for each of these committees shall be outlined in committee charters adopted by the Board. The Board may, from time to time, form other committees as may be appropriate.

Independence of Board Committees. Each of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee shall be composed entirely of Independent Directors satisfying applicable legal, regulatory and New York Stock Exchange requirements necessary for an assignment to any such committee.

Assignment and Rotation of Committee Members. The Nominating and Corporate Governance Committee shall be responsible for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Nominating and Corporate Governance Committee's recommendations, the Board shall be responsible for appointing each chairman and member to the committees on an annual basis. The Nominating and Corporate Governance Committee shall periodically review the makeup of the Board and its committees and recommend, as appropriate, changes in the number, function or membership.

17. Leadership Development and Succession Planning

Evaluation of Chief Executive Officer. The Board is responsible for electing the Corporation's executive officers, including the Chief Executive Officer. The Compensation Committee is responsible for reviewing and approving the goals and objectives relevant to the Chief Executive Officer's compensation, for evaluating the Chief Executive Officer's performance in light of those goals and objectives and, either as a Committee or together with the other independent Directors, for determining and approving the Chief Executive Officer's compensation level based

on this evaluation.

The Compensation Committee annually receives from the Chief Executive Officer recommendations on compensation for executive officers other than the Chief Executive Officer, but the Compensation Committee retains full discretion in determining executive officer compensation.

Succession Planning. The Nominating and Corporate Governance Committee shall plan and establish procedures for interim succession for the Chief Executive Officer in the event of an unexpected occurrence, and to develop a succession plan relating to positions held by executive officers of the Corporation.