

# **U.S.I. HOLDINGS CORPORATION CORPORATE GOVERNANCE GUIDELINES**

## *Role of the Board of Directors and Management*

The Board of Directors (“Board”) of U.S.I. Holdings Corporation (the “Company”) is the ultimate decision-making body of the Company except with respect to matters reserved to the shareholders. It oversees and guides the Company’s business through the exercise of its business judgment in what it reasonably believes to be in the best interests of the Company and its shareholders. Within this framework, the Board also considers the interests of the other constituents such as associates, business partners and the communities in which the Company operates. It selects the Chief Executive Officer (“CEO”) who in turn selects executives (collectively “Management”) who are charged with the conduct of the Company’s business in a manner that is consistent with the direction provided by the Board and the Code of Business Conduct of the Company. Having selected Management, the Board oversees and monitors their performance.

## *Composition, Selection and Compensation of the Board*

### Size of the Board

The size and composition of the Board should be appropriate for effective deliberation of issues relevant to the Company’s business and related interests and not exceed a number that can function efficiently as a body. Thus, it is the policy of the Company that the size of the Board should be within the range of seven to twelve members.

### Independent Directors

It is the policy of the Company that the Board consists of a majority of independent Directors. Independence is determined in accordance with the NASDAQ Listing Standards, as amended from time to time (“Listing Standards”). The Board has adopted categorical standards for the determination of independence of its members as provided in the Listing Standards. Directors have an affirmative obligation to inform the Chairman of the Board and CEO and the Chairman of the Nominating/Governance Committee of any changes in their circumstances or relationships that may impact their designation as independent.

### Board Membership Criteria

The Nominating/Governance Committee is responsible for reviewing with the Board the appropriate skills and characteristics required of Directors in the context of the current make-up of the Board. The Board should be composed of members with personal and professional integrity, business judgment, relevant experience and skill, age, knowledge of the insurance and related financial service industry and sufficient time and energy to diligently perform their duties.

#### Selection of Directors

The Board is responsible for selecting Director nominees and in recommending them for election by the shareholders. The Nominating/Governance Committee will identify individuals believed to be qualified to become Directors and recommend to the Board the nominees to stand for election by the shareholders, or in some cases, by the Board.

#### Directors Who Change Their Present Job Responsibility

It is the policy of the Company that when a Director's principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board, the Director should notify in writing the Chairman of the Board and CEO and the Chairman of the Nominating/Governance Committee. The Board does not believe that Directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board to review the continued appropriateness of Board membership under these circumstances.

#### Service on Other Boards of Directors

Directors are encouraged to limit the number of other public company boards on which they serve to insure effective service on the Company's Board. Directors should notify in writing the Chairman of the Board and CEO and the Chairman of the Nominating/Governance Committee in advance of accepting an invitation to serve on the board of another public company, the audit committee of another board or the board of another company within the same industry.

#### Term Limits

The Board does not believe that it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an important contribution to the Board.

### Extending the Invitation to a Potential Director to Join the Board

The invitation to join the Board should be extended by the Board itself via the Chairman of the Board and CEO, together with the Chairman of the Nominating/Governance Committee.

### Director Orientation and Continuing Education

The Company has an orientation process for new Directors that included detailed background material on the Company and meetings with Management. Thereafter, Directors receive materials and briefings on subjects that assist them in discharging their duties.

### Board Compensation and Stock Ownership Guidelines

The Compensation Committee will annually review and recommend to the Board the compensation and reimbursement arrangements for Directors. To create a linkage with shareholders, the Board believes that a meaningful portion of a Director's compensation should be in the form of equity based compensation.

## *Board Leadership*

### Selection of Chairman and CEO

It is the current policy of the Company that the positions of Chairman of the Board and CEO be held by the same person. The Board has also determined that since the role of Chairman of the Board and CEO are combined, it will elect the Chairman of the Nominating/Governance Committee as a Lead Director to lead the discussions of independent directors.

### Lead Director

The Lead Director will preside at the meetings of the shareholders and Board in the absence of the Chairman of the Board and preside at meetings of the non-management Directors.

## *Functions of the Board*

### Access to Independent Advisors

The Board believes that access to independent advisors plays an important role in the discharge of its duties and responsibilities. As such, the Board on occasion

may select, retain, terminate and approve fees for such independent advisors as it deems appropriate in the discharge of its duties and responsibilities.

#### Interaction with Institutional Investors, Press, Customers, Etc.

The Board believes that the Management speaks for the Company. Individual Directors may, from time to time, at the request of the Management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board or the Lead Director.

#### Access to Senior Management

Directors have complete access to Management and are encouraged to visit the Company facilities and operations. Furthermore, the Board encourages the CEO, from time to time, to bring associates into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are associates with future potential that the CEO believes should be given exposure to the Board.

#### Annual Self-Evaluation

The Board will annually conduct a self-evaluation and oversee the annual self-evaluation required of the standing committees. The evaluations will be based on such objective and subjective criteria as the Board deems appropriate.

### *Board Meetings*

#### Meetings

It is the policy of the Company that all major decisions be considered by the Board as a whole. As a consequence, the Board will hold regularly scheduled meetings, at least, four times a year, plus special meetings as the need arises.

#### Selection of Agenda Items for Board Meetings

The Chairman of the Board and CEO, in consultation with the Lead Director, will establish the agenda for each Board meeting.

Each Director is encouraged to suggest the inclusion of item(s) on the agenda.

#### Board Materials Distributed in Advance

Information and data that is important to the Board's understanding of the matters to be considered will be distributed in writing by Management before the Board meets.

### Board Presentations

As a general rule, presentations on specific subjects should be sent to the Board in advance so that Board meeting time may be conserved and discussion time focused on the issues arising from the presentations.

### Board Attendance and Participation

Directors are expected to prepare for, attend, and participate in all Board and applicable committee meetings.

### Executive Sessions of Non-Management Directors

Non-management Directors of the Board will meet in Executive Session at least four times each year. Executive Sessions will be chaired by the Lead Director. The format of these meetings will, in part, include a discussion with the Chairman and CEO.

## *Committee Matters*

### Number, Structure and Independence of Committees

The committee structure is limited to those committees considered to be basic to or required for the operation of a publicly owned company. From time to time, the Board may want to form a new committee or disband a current committee depending upon the circumstances. The current three committees are Audit, Compensation, and Nominating/Governance. The duties and responsibilities of the committees are set for the in the Company's By-Laws and committee charters. The Audit, Compensation and Nominating/Governance Committees will consist solely of independent Directors as determined by the Board consistent with the Listing Standards. In addition, members of the Audit Committee will meet the independence standards of the Securities and Exchange Commission, and at least, one member will be an "audit committee financial expert." No member of the Audit Committee will serve on the audit committee of more than two other public companies unless the Board determines that such simultaneous service would not impair his or her ability to effectively serve on the Audit Committee.

### Assignment and Rotation of Committee Members

The Board believes that there should be periodic rotation of committee membership among Directors. However, there may be reasons at a given point in time to maintain an individual Director's committee membership for a long period of time.

### Frequency and Length of Committee Meetings

The Chairman of the committee, in consultation with the members of the committee, will determine the frequency and length of the meetings of the committee.

#### Committee Agenda

The Chairman of the committee, in consultation with the members of the committee and Management, will develop the committee's agenda.

### *Leadership Development*

#### Formal Evaluation of the CEO

The Lead Director and the Nominating and Governance Committee will perform an annual evaluation of the CEO's performance. The results will be communicated to the CEO by the Lead Director. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic and annual objectives, development of Management and other criteria set by the Board designed to measure the CEO's leadership of the Company. The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the CEO.

#### Succession Planning for Chairman of the Board and CEO

The Board, through the Nominating and Governance Committee, plans for succession to the position of Chairman of the Board and CEO. To assist the Board and Committee, there will be available, on a continuing basis, the Lead Director's and the Chairman and CEO's written recommendations for an interim successor in the event of the death, disability, other emergency or termination of the CEO.

#### Management Development and Succession Planning

There will be a periodic report to the Board by the CEO on the Company's program for the development and succession planning for Management.

### *Standards of Business Conduct and Reporting of Irregularities*

#### Personal Loans

The Company will not extend credit or arrange for the extension of credit in the form of a personal loan to Directors or Management.

#### Standards of Business Conduct

The Company has adopted a Code of Business Conduct (the “Code”) for Directors, Management and other associates of the Company. Additionally, the Company has adopted a specifically designed Code of Ethics for Directors (the “Code of Ethics”) and Management. The purpose of the Code and the “Code of Ethics” is to focus on areas of ethical risk, provide guidance in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and integrity. The Code is published on the Company’s intranet and the Code of Ethics is posted on the Company’s web site.

Directors, Management and other associates of the Company are expected to act in accordance with the requirements of the Code and the Code of Ethics. Waivers of the Code or Code of Ethics for any Director, the CEO, the Chief Financial Officer and other member of Management may be made by the Board or by a Board committee composed of Independent Directors. Any such waiver will be posted on the Company web site and otherwise disclosed as required by law.

#### Reports of Irregularities

Any reports of concerns regarding accounting, internal auditing controls, auditing matters or other irregularities or concerns, will be brought to the attention of the Chairman of the Audit Committee. These reports may be anonymous if made using the U.S.I. Holdings Corporation Compliance HotLine (866) 657-0861. The Chairman of the Audit Committee will report periodically to the Board of Directors concerning these matters.

These Corporate Governance Guidelines are reviewed by the Nominating/Governance Committee and the Board from time to time. Matters of corporate governance and changes to these guidelines will be made by a vote of the independent Directors.