

**AFFIRMATIVE INSURANCE HOLDINGS, INC.**  
**CHARTER OF THE**  
**NOMINATING AND CORPORATE GOVERNANCE COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**Purpose**

The Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Affirmative Insurance Holdings, Inc. (the “Company”) is appointed by the Board to assist in identifying qualified individuals to become directors, to recommend qualified director nominees and to review candidates nominated by stockholders for election at the stockholders’ annual meeting, to recommend directors to be appointed to Board committees, to recommend adoption and revision of Corporate Governance Guidelines, to oversee annual self-evaluations by the Board and Board committees, and to report annually to the Board on the Chief Executive Officer (“CEO”) succession plan.

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. This Charter, and any amendments thereto, shall be displayed on the Company’s web site and a printed copy of such shall be made available to any stockholder of the Company who requests it.

**Committee Membership**

The Committee shall consist of no fewer than three directors. The Committee shall be appointed annually by the Board and shall report to the Board. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies, subject to such new member(s) satisfying Committee membership requirements. The Committee shall designate one of its members to be the Chairman of the Committee.

**Committee Meetings**

The Committee shall meet as often as necessary to carry out its responsibilities. Any Committee member may request the Chairman of the Committee to call a meeting. The Committee may ask member of management or other whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request. The Chairman of Committee shall report on any Committee meeting held at the next regularly scheduled Board meeting following the Committee meeting.

**Committee Authority and Responsibilities**

In carrying out its oversight responsibilities, the Committee’s policies and procedures should remain flexible to enable the Committee to react to changes in circumstances and conditions so as to ensure the Company remains in compliance with applicable legal and regulatory requirements. The Committee shall have the following responsibilities:

1. The Committee shall recommend to the Board director nominees for election at the stockholders' annual meeting.

2. Prior to nominating an existing director for re-election to the Board, the Committee shall consider and review the existing director's:

- (a) Board and committee meeting attendance and performance;
- (b) Length of Board service;
- (c) Experience, skills and contributions that the existing director brings to the Board; and
- (d) Independence.

3. In the event that a director vacancy arises, the Committee shall seek and identify a qualified director nominee to be recommended to the Board for either appointment by the Board to serve the remainder of the term of the director position that is vacant or election at the stockholders' annual meeting.

4. A director nominee and potential nominees proposed by stockholders shall meet the director qualifications specified in the Company's Corporate Governance Guidelines, including personal and professional integrity, good business judgment and relevant experience and skills. The Committee must also determine that, in its judgment, the director nominee will be an effective director in conjunction with the full Board in collectively serving the long-term interests of the Company's stockholders.

5. The Committee shall have the sole discretion and authority to retain any search firm to assist in identifying director candidates (whether newly appointed or to fill a vacancy), retain outside counsel and/or any other internal or external advisors and approve all related fees and retention terms.

6. The Committee shall review the Board's committee structure, including number, responsibilities and membership, and recommend to the Board for its approval directors to be appointed as members on each Board committee that meet the requirements of rules and regulations promulgated by the Securities and Exchange Commission and the NASDAQ.

7. The Committee shall recommend to the Board for its approval a Code of Business Conduct and Ethics, a process for stockholders to send communications to the Board, and Corporate Governance Guidelines. The Committee will review the code and guidelines annually and recommend any proposed changes to the Board for approval.

8. The Committee shall develop and recommend to the Board for its approval an annual self-evaluation process for the full Board and for each Board committee that will be conducted and overseen by the Committee. The Committee shall report to the full Board,

following the end of each fiscal year, the results of the annual self-evaluation, including any comments from the self-evaluations. However, any comments from the self-evaluations regarding individual directors shall be reported to the Chairman and, if necessary, to the relevant committee chairman.

9. The Committee shall annually review its own performance by distributing to its members a written self-assessment.

10. The Committee shall make an annual report to the Board on emergency as well as expected CEO succession planning. The full Board will work with the Committee to recommend and evaluate potential successors to the CEO. The CEO should at all times make available his or her recommendations and evaluations of potential CEO successors, along with a review of any development plans recommended for such individuals.

11. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

12. The Committee shall perform any other responsibilities delegated to the Committee by the Board from time to time.

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