

UNITED INSURANCE HOLDINGS CORP.

COMPENSATION AND BENEFITS COMMITTEE CHARTER

Approved by the Board of Directors on May 7, 2014

COMMITTEE'S PURPOSE

The Compensation and Benefits Committee (the Committee) of the board of Directors (the Board) of United Insurance Holdings Corp. (the Company or UPC Insurance) assists the Board in carrying out its responsibilities with respect to (i) employee compensation, benefit plans, and employee stock programs and (ii) matters relating to the compensation of persons serving as senior management and the Chief Executive Officer (CEO) of UPC Insurance. Senior management is defined as any officer who is defined as a Section 16 officer under the Securities and Exchange Act of 1934 (the Exchange Act).

COMMITTEE MEMBERSHIP

The Committee shall consist of no fewer than three members. Each member shall be independent in accordance with the rules of the NASDAQ Stock Market. Additionally, member of the Compensation and Benefits Committee shall qualify as “non-employee directors” for purposes of Rule 16b-3 of the Exchange Act (Appendix A), and as “outside directors” for purposes of Section 162(m) of the Internal Revenue Code (Appendix A).

The Board shall appoint (and may remove) members of the Committee. The Board shall designate one member as Chairman or delegate authority to designate a Chairman to the Compensation and Benefits Committee. Committee members shall serve for a period of one year unless a member resigns or is replaced by the Board of Directors and their successor appointed.

OUTSIDE ADVISORS AND COMPENSATION CONSULTANTS

The Committee may, as it deems necessary or appropriate and at the Company’s expense, obtain advice from internal or external legal or other advisors. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of executive compensation and shall have sole authority to approve the consultant’s fees and other retention terms and to periodically review such consultant’s performance. The Committee shall select a compensation consultant, legal counsel or other adviser only after taking into consideration the independence of the compensation consultant, legal counsel or other adviser using factors established by law, the rules and regulations of the Securities and Exchange Commission (SEC), and the NASDAQ Stock Market listing standards, including the following:

1. The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
2. The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel, or other adviser;
3. The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
4. Any business or personal relationship of the compensation consultant, legal counsel, or other adviser with a member of the Committee;
5. Any stock of the Company owned by the compensation consultant, legal counsel, or other adviser; and
6. Any business or personal relationship of the compensation consultant, legal counsel, or other adviser or the person employing the adviser with an executive officer of the Company.

The Committee shall conduct the independence assessment with respect to any compensation consultant, legal counsel or other adviser that provides advice to the Committee, other than (i) in-house legal counsel; and (ii) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of UPC Insurance, and that is available generally to all salaried employees; or providing information that either is not customized for UPC Insurance or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice.

Nothing herein requires a compensation consultant, legal counsel, or other compensation adviser to be independent, only that the Committee consider the enumerated independence factors before selecting or receiving advice from a compensation adviser. The Committee may select or receive advice from any compensation adviser it prefers, including ones that are not independent, after considering the six independence factors above.

The Committee is not required to implement or act on any advice or recommendation from a compensation adviser. In addition, nothing in this charter shall be construed to affect the ability or obligation of the Committee to exercise its own judgment in fulfilling its duties or obligations.

DUTIES AND RESPONSIBILITIES

The functions of the Committee, on behalf of the Board, shall include having responsibility:

1. To review compensation philosophy and major compensation programs, including, as appropriate in the discretion of the Committee, consideration of peer companies and other data sources, and to administer particular programs for which the Committee is the designated administrator.
2. To annually review and approve (i) executive and senior management compensation programs, and (ii) goals and objectives relevant to CEO and senior management compensation and, based on its evaluation of performance in light of those goals and objectives as well as input from the Corporate Nominating and Governance Committee, to determine and approve the total compensation of the CEO and senior management. With respect to senior management, the Committee will also consider input from the CEO. The CEO is not permitted to be present during voting or deliberations regarding the CEO's compensation. Upon approval of the compensation of the CEO and other senior management, the Committee shall report such determinations to the Board.
3. To administer and determine the Company's incentive-compensation and equity-based compensation and approve stock option and other stock incentive awards for senior management. Upon approval of such stock incentive awards, the Committee shall report such determinations to the Board.
4. To make recommendations to the Board with respect to, and monitor compliance by the CEO and senior management with, the Company's stock ownership guidelines.
5. To review proposed compensation arrangements for any person serving as CEO or a senior manager, and review and recommend to the Board, employment agreements and severance arrangements for such persons, including change-in-control provisions, plans or agreements.
6. To periodically review the design of and approve the Company's qualified benefits plan and non-qualified benefit plans (including retirement, medical and other employee benefit and perquisite plans).
7. To review and discuss with senior management the Compensation and Discussion Analysis (CDA) and other disclosure relating to executive and director compensation required by the rules of the SEC to be included in UPC Insurance's annual proxy statement, if applicable. Based on such review and discussion, recommend to the Board the inclusion of the CDA in the Company's annual proxy statement.
8. To prepare the Committee's report as required by the rules of the SEC to be included in the Company's annual proxy statement.
9. To (i) assist the Board in reviewing the results of any stockholder advisory votes, or responding to other stockholder communications, that relate to the compensation of the executive officers of UPC Insurance who are named in the Company's annual proxy statement, (ii) consider such results in the context of making decisions about UPC Insurance's executive compensation programs, and (iii) review and recommend to the Board for approval the frequency with which the Company will conduct stockholder advisory votes.
10. To periodically assess the Company's risk relating to its compensation policies and practices and report its assessment to the Board.
11. To review this charter annually and recommend any changes to the Board for approval.

12. To review the Committee's own performance annually.
13. To perform such other activities and functions related to executive compensation as may be assigned from time to time by the Board.

DELEGATION

The Committee may form and delegate authority to subcommittees as it deems appropriate. To the extent permitted by applicable law, the Committee may also delegate one or more executive officers of UPC Insurance the authority, within guidelines established by the Committee, to approve equity compensation awards under established equity plans of the Company to employees other than those subject to Section 16 of the Securities Exchange Act and other officers of the Company. The Committee may also delegate a non-discretionary administrative authority under Company compensation and benefit plans consistent with any limitations specified in the applicable plans.

MEETINGS

The Committee shall meet as often as necessary to carry out its responsibilities. Meetings can be called by any member of the Committee.

Appendix A

SEC Rule 16b-3

Non-Employee Director shall mean a director who:

- A. Is not currently an officer of the issuer or a parent or subsidiary of the issuer, or otherwise currently employed by the issuer or a parent or subsidiary of the issuer;
- B. Does not receive compensation, either directly or indirectly, from the issuer or a parent or subsidiary of the issuer, for services rendered as a consultant or in any capacity other than as a director, except for an amount that does not exceed the dollar amount for which disclosure would be required pursuant to Item 404(a) of Regulation S-K of this chapter; and
- C. Does not possess an interest in any other transaction for which disclosure would be required pursuant to Item 404(a) of Regulation S-K of this chapter.

Internal Revenue Code 162(m)

An outside director who:

- A. Is not a current employee of the publicly held corporation;
- B. Is not a former employee of the publicly held corporation who receives compensation for prior services (other than benefits received under a qualified retirement plan) during the tax year;
- C. Has not been an officer of the publicly held corporation; and
- D. Does not receive remuneration (including any payment in exchange for goods or services) from the publicly held corporation, either directly or indirectly, in any capacity other than as a director