

The Navigators Group, Inc. Corporate Governance Guidelines

The Board of Directors (the “Board”) of The Navigators Group, Inc. (the “Company”), acting on the recommendation of its Corporate Governance and Nominating Committee, has adopted the following Corporate Governance Guidelines to promote the effective operation of the Board and its Committees and to establish a common set of expectations for how the Board should perform its functions. These Corporate Governance Guidelines, along with the charters of the Board Committees, provide the general framework for the governance of the Company.

1. Director Qualifications

The Board is responsible for selecting the nominees for election as directors of the Company. The Corporate Governance and Nominating Committee is responsible for recommending to the Board a slate of directors for election at the Annual Meeting of Stockholders as well as candidates to fill vacancies occurring between annual meetings.

In choosing directors, the Board seeks individuals who have an exemplary commitment to ethical standards of behavior, a solid reputation in the insurance or other relevant industry and a genuine interest in the Company. The composition of the Board should include a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the Company’s business. The Company is required to elect a majority of directors who are independent in accordance with the criteria for independence established by the Securities and Exchange Commission and the NASDAQ Stock Market.

Each director is elected to serve until the next Annual Meeting of Stockholders. The Board does not have limits on the number of terms a director may serve and does not have mandatory retirement requirements or tenure policies that would limit the ability of a director to be nominated for reelection. A director is required to offer his or her resignation to the Board upon a change in employment. The Board has discretion to determine, based upon its evaluation of whether such new position would create a possible conflict of interest or affect a director’s independence, as well as any other factors that it may deem applicable, whether or not to accept such resignation.

The Board believes that its directors should limit the number of boards of publicly traded companies on which they serve in order to give proper attention to their responsibility to each board. Therefore, the Board has adopted the general policy that directors may not serve on the board of more than four other public companies. Exceptions to this policy will be considered in appropriate circumstances by the Corporate Governance & Nominating Committee. Directors must notify the chairperson of the Corporate

Governance & Nominating Committee before accepting a seat on the board of any other public company in order to avoid conflicts of interests and to ensure that such service does not exceed the limitations set forth above.

2. Board Size and Committees

Currently, the Board has nine members, including seven independent directors. Under the by-laws of the Company, the Board has the authority to change its size, and the Board will periodically review its size as necessary. The Board has five Committees: Audit, Compensation, Corporate Governance and Nominating, Finance and Risk & Underwriting Advisory. The Audit, Compensation and Corporate Governance and Nominating Committees are composed entirely of independent directors.

3. Director Responsibilities

Management is responsible for the business and affairs of the Company under the direction of the Board in accordance with Delaware law. The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders, and to conduct themselves in accordance with their duties of care and loyalty. The Board acts as the ultimate decision-making body of the Company, except on those matters reserved to or shared with the stockholders of the Company under Delaware law.

All directors are expected to attend Board meetings and their respective Committee meetings. To effectively oversee the management of the Company, all directors must be prepared for these meetings by reviewing in advance all meeting materials. Each director should be sufficiently familiar with the business of the Company, including the Company's financial statements, capital structure, risks and competition, to facilitate active and effective participation in the deliberations of the Board and Committees.

The meetings of the Board and its Committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

The Company may purchase directors' and officers' liability insurance for the benefit of its Board and management. In addition, directors and management shall be entitled to indemnification to the fullest extent permitted by the Delaware General Corporation Law and the Company's charter documents.

The Board recognizes the importance of speaking with a single voice with respect to Company communications with employees and other constituencies. The Board delegates to management the responsibility for being the Company's spokesperson to various constituencies, such as employees, stockholders, customers and the investment community.

4. Board and Committee Meetings

The Chairman of the Board is responsible for establishing the agenda for each Board meeting. All directors are provided an agenda by management and each director is free to suggest items for inclusion on the agenda and to raise at any Board meeting subjects that are not on the agenda for that meeting. Agendas for Committees are the responsibility of the respective Chairpersons, who are similarly provided with proposed agendas by management and who rely on the input of their respective Committee members.

5. Director Access to Management and Advisors

The Board has complete access to Company management as needed. In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, auditors, accountants and other expert advisors. The Board and each of its Committees have the authority to hire such independent legal, financial or other advisors as they deem necessary.

6. Executive Sessions

The non-management directors meet in regularly scheduled executive session (i.e., without directors who are members of management) to ensure free and open discussion and communication among the non-management members of the Board. Unless the Chairman of the Board is an independent director of the Board, the chair of each executive session will rotate amongst the chairpersons of the Company's standing committees in the following order: (1) Audit, (2) Finance, (3) Compensation, (4) Corporate Governance & Nominating, and (5) Risk and Underwriting.

7. Executive Compensation

The Board, acting through the Compensation Committee, relies on measurable criteria to evaluate the performance and approve the compensation levels of the Chairman and the Chief Executive Officer. The Board, acting through the Compensation Committee, also evaluates and approves overall compensation policies applicable to executive officers.

8. Director Compensation

Only directors who are not employees of the Company receive compensation for serving on the Board. The Compensation Committee periodically reviews and approves the form and amount of compensation for non-management directors for service on the Board and its respective Committees.

9. Director Orientation and Continuing Education

All new directors receive a comprehensive set of materials on the operations and finances of the Company and have the opportunity to meet with the Chief Executive Officer and other members of senior management. Directors are expected to maintain the necessary level of expertise to perform their responsibilities. The Company does not maintain any formal orientation or continuing education programs, but all directors are strongly encouraged and will be supported in their efforts to receive ongoing education in areas relevant to their responsibilities as a director and to the business of the Company.

10. Management Succession

The Board is responsible for developing a succession plan, with appropriate input from management and guidance from the Corporate Governance and Nominating Committee, for use in the event of the Chief Executive Officer's disability or death. The succession plan includes, among other things, an assessment of the experience, performance and skills of possible successors to the Chief Executive Officer.

11. Evaluating Board Performance

Under the direction of the Corporate Governance and Nominating Committee, the Board and each Committee conduct an annual self-assessment to measure how effectively they are functioning and review the results of such self-assessment.

12. Public Disclosure of Corporate Governance Policies

The Company posts on its website (www.navg.com) the Company's Corporate Governance Guidelines, the Corporate Code of Ethics and Conduct, the Code of Ethics for the Chief Executive Officer and Senior Financial Officers, and the charters of the Audit, Compensation, Corporate Governance and Nominating, Finance, and Risk & Underwriting Advisory Committees of the Board.