

MEADOWBROOK INSURANCE GROUP, INC. BOARD GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of Meadowbrook Insurance Group, Inc. (the “Company”) has developed the following board governance guidelines to assist with its responsibilities to the Company and its shareholders. These guidelines are intended to ensure that the Board has the necessary authority and practices in place to review and evaluate the Company’s business operations; make decisions that are independent of the Company’s management; and align the Company’s directors and management interests with those of the Company’s shareholders. These guidelines are subject to change as the Board may find necessary to achieve its objectives.

1. Board Composition

Board Size

The Board believes twelve members are appropriate, based on the Company’s present circumstances. The Board periodically evaluates whether a larger or smaller slate of directors would be preferable.

Selection of Board Members

The Company’s shareholders annually elect Board members on a staggered basis (approximately one-third each year), with the exception of vacancies. The Board may fill a vacancy in an existing or new director position. A director appointed by the Board to fill a vacancy serves only until the next election of directors for the particular class that he or she was appointed to serve.

At the Company’s annual meeting, the Board recommends a slate of directors for the shareholders’ election. Using advice and information from the Governance and Nominating Committee, the Board determines the suitability of each individual, and the slate as a whole, to serve as a Company director, taking into account the membership criteria discussed below.

Board Membership Criteria

The Governance and Nominating Committee works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members. In evaluating the suitability of individual Board members, the Board considers many factors, including: general understanding of marketing, finance, insurance and other disciplines relevant to the success of a company in today’s business environment; understanding of Company business on a technical level; and educational and professional background. The Board evaluates each individual in the context of the Board as a whole and strives to recommend a group whose diverse experience that can best perpetuate the Company’s success and represent shareholder interests with sound judgment, using its diversity of experience. In determining whether to recommend a director for re-election, the Governance and Nominating Committee also considers the director’s past attendance at meetings and participation in and contributions to the Board’s activities.

2. Director Qualifications

Independence

Except during periods of temporary vacancies, a majority of the Board membership must be independent in accordance with the listing standards of the New York Stock Exchange and applicable laws and regulations.

Term Limits

The Board has determined that mandatory term limits are not necessary for its members. Directors who have served on the Board for an extended period of time provide valuable insight into the Company's operations and future based on their experience with and understanding of the Company's history, policies and objectives. The Board shall, however, periodically review the appropriateness of director term limits with its director selection and nomination procedures to ensure the presence of diverse viewpoints and ideas on the Board.

Other Service

Every Board member should notify the Board when he or she has decided to serve on another corporate board, corporate committee, or a charitable organization to determine if there is any conflict.

Changes In Primary Employment.

Every director must notify the Board of his or her retirement, change in employer, and any other significant change in professional roles and responsibilities. The Governance and Nominating Committee will then evaluate the continued appropriateness of Board membership and recommend to the Board any action to be taken regarding the continued Board membership.

Related Person Transaction

Every director and director nominee must notify the General Counsel and Secretary, in writing, of any transaction involving the Company and a related person.

“Transaction” means any financial arrangement or relationship, indebtedness, agreement, guarantee of indebtedness, or transaction involving employment and similar relationships.

“Related person” means:

- A Company director or executive officer;
- An immediate family member of a Company director or executive officer;
- A nominee for director and his or her immediate family members; and
- A 5% beneficial owner of the company's voting securities or any immediate family member of that owner.

“Immediate Family Member” means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law.

3. Director Responsibilities

Directors should exercise their business judgment to act in the Company’s best interest and in a manner consistent with their fiduciary duties. Directors are entitled to rely in good faith on the Board’s three Committees (discussed below), management, and the Company’s outside advisors and auditors in carrying out their general oversight responsibilities, which include, among other duties, the following:

- Oversee that the Company operates in a legal, ethical, and responsible manner and maintain a Code of Conduct that complies with New York Stock Exchange and Securities and Exchange Commission requirements.
- Review, approve, and monitor the Company’s annual budget, financial, investment, and business objectives, acquisitions, lending relationships, and significant corporate strategy and plans;
- Oversee and monitor the Company’s capital structure and its financial and investment policies and practices;
- Monitor and review any significant risks or exposures to the Company and the steps management has taken to monitor and control such risks.
- Oversee the Company’s legal and regulatory compliance, as well as litigation; and
- Advise the Chairman and Chief Executive Officer on significant business related issues.

The Board may retain outside counsel or other similar experts and advisors to assist in the performance of its oversight responsibilities.

4. Board Committees

The Board has three committees: Audit; Compensation; and Governance and Nominating;. Subject to any changes that the Board may make:

- The Audit Committee shall generally oversee the preparation and filing of the Company’s financial statements, compliance with applicable legal and regulatory requirements, the selection, compensation, supervision, and rotation of the Company’s independent auditors, and the Company’s supervision of its internal audit department.
- The Compensation Committee shall develop a compensation philosophy that increases shareholder value, avoids undue risk, adequately rewards executives and employees for performance, and assures that the Company’s compensation policies and practices are adequately disclosed to the public.
- The Governance and Nominating Committee shall generally oversee matters relating to the nomination, selection, and evaluation of officers and directors, as well as the corporate governance of the Company.

Each committee shall operate under its own written charter, which each committee shall develop and recommend to the Board. The charters shall set forth each committee's purpose, goals, and responsibilities, as well as the procedures for committee member appointment and removal, committee structure and operations, and reporting to the Board. The charters shall also provide for an annual evaluation of each committee's performance and its members. The Board may establish or maintain additional committees as it deems appropriate for the Company.

5. Director Compensation

After consultation with external compensation consultants, the Company management should annually report to the Board on how the Company's director compensation practices compare with those of its peers. The Board should make changes in its director compensation practices only upon the recommendation of the Governance and Nominating Committee, and following discussion and concurrence by the Board.

6. Board Access To Company Management and Independent Advisors

The Board has access to the Company's management and its employees, via a protocol set by the Board. Members of the Company's senior management are expected to be present at Board meetings at the Board's invitation. Management is encouraged to invite Company employees to any Board meeting if their presence and expertise would help the Board understand the matters being considered.

The Board and each of its committees may hire independent legal, financial, or other advisors as needed to fulfill their responsibilities.

7. Board Meetings

General

Directors should regularly attend Board meetings and meetings of the Board committees on which they serve. To prepare for meetings, directors should review the appropriate materials that are sent to the directors in advance of those meetings.

Agenda

The Chairman of the Board and CEO, taking into account suggestions from other Board members, will set the agenda for each Board meeting, and will distribute this agenda in advance to each director.

Advance Distribution of Materials

All information relevant to the Board's understanding of matters to be discussed at an upcoming Board meeting should be distributed in writing or electronically to all members in advance, whenever feasible and appropriate. This will help facilitate the efficient use of meeting time. In

preparing this information, management should ensure that the materials distributed are as concise as possible, yet give directors sufficient information to make informed decisions. Certain items to be discussed at Board meetings are sensitive and distribution of materials on these matters before Board meetings may be inappropriate.

8. Executive Sessions of Independent Directors. Each year, the Company's independent directors will conduct at least one executive session, i.e., with no management directors or management present. The chair of the Risk Management and Finance Committee will call and chair executive sessions of the independent directors. Discussions may include topics as the independent directors determine.

9. Management Evaluation and Succession

The chair of the Compensation Committee shall lead the independent directors in an annual review of the CEO's performance. The independent directors shall establish this evaluation process and determine the specific criteria on which the CEO's performance is evaluated.

The Compensation Committee annually reviews the CEO's evaluation of the Company's senior executives and presents its findings to the Board. The Board then reviews the Compensation Committee's report to ensure that management's performance is satisfactory and providing the quality leadership needed to meet the Company's long and short-term goals.

The Compensation Committee shall conduct succession planning discussions for the CEO and other members of senior management.

10. Board Self-Evaluation. The Governance and Nominating Committee shall lead the Board in an annual self-evaluation of its performance. Each director shall complete a questionnaire, developed by the Governance and Nominating Committee, regarding various criteria. The questionnaire will include an assessment of the Board's compliance with the principles set forth in these guidelines, as well as an opportunity to identify any areas for improvement. The Chair of the Governance and Nominating Committee will distribute them to the Board for discussion.

11. Director Orientation and Continuing Education

All new directors participate in director orientation at the Company's headquarters. This orientation includes presentations by senior management to familiarize new directors with the Company's general operations, including its strategic plans, financial, account, and risk management issues, compliance programs, principal officers, and its internal and independent auditors.

All directors are encouraged to participate in continuing education programs to stay current and knowledgeable about the company's business.

The Governance and Nominating Committee develops and oversees director orientation and continuing education.