

**CHARTER OF THE COMPENSATION COMMITTEE OF  
HOMEOWNERS CHOICE, INC.**  
(As amended February 26, 2009)

**Purpose of Committee**

The principal purposes of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Homeowners Choice, Inc. (the “Company”) are to assist the Board in the discharge of its responsibilities relating to the compensation of the Company’s executives and employees, and to produce an annual report for inclusion in the Company’s proxy statement, in accordance with, and to the extent required by, the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) and the relevant listing authority.

**Committee Duties and Responsibilities**

The following are the duties and responsibilities of the Committee:

1. Review and approve the compensation programs applicable to the executive officers of the Company. Recommend to the Board and periodically review policies for the administration of the executive compensation programs.
2. Review and approve the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals, objectives and strategies, and, either by the Committee alone or with the other independent members of the Board, set the Chief Executive Officer’s compensation level based on this evaluation. In determining the long-term incentive component of the Chief Executive Officer’s compensation, the Committee shall consider, among other factors, the Company’s performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Chief Executive Officer in past years. The Chief Executive Officer may not be present during voting on or deliberations regarding the compensation of the Chief Executive Officer, but may be present during voting on or deliberations regarding the compensation of all other executive officers.
3. Review on a periodic basis the operations of the Company’s executive compensation programs to determine whether they are properly coordinated and achieving their intended purposes.
4. Set the compensation of the executive officers as designated by the Board.
5. Develop plans for Chief Executive Officer succession.
6. Prepare and issue the evaluations and reports required by this Charter.
7. Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company’s compensation programs.

8. Review and approve compensation to outside directors.
9. Review and approve the basis for selecting particular trigger events in connection with payments at termination of employment or a change in control of the Company.
10. To the extent required by applicable SEC rules and regulations and the relevant listing authority, review and discuss the Compensation Discussion and Analysis required by Item 402(b) of SEC Regulation S-K with management, and, based on such review and discussion, recommend to the Board that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K, proxy statement on Schedule 14A, or information statement on Schedule 14C.
11. Administer and make awards under the Company's 2007 Stock Option and Incentive Plan and to monitor and supervise the administration of any other benefit plans the Company may have.

### **Member Qualifications and Appointment**

The Committee shall be composed of at least three (3) directors, each of whom shall (a) be "independent" under the criteria set by any applicable law, regulation, and/or listing requirements, including those of the SEC and Nasdaq, (b) be a "non-employee director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, and (c) be an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code. Each of the members of the Committee shall be elected for a one year term. The election of members of the Committee shall be held each year at the first meeting of the Board following the annual meeting of shareholders. Should a member of the Committee for any reason be unable to serve for the term to which he or she was elected, the vacancy may be filled by a majority vote of the Board at its next meeting.

### **Chairman of the Committee**

The chairman of the Committee shall be appointed by the Board for a one year term coinciding with the chairman's term as a member of the Committee.

Any member of the Committee may be removed by the Board at any time, with or without cause.

### **Delegation to Subcommittee**

The Committee may, in its discretion, if allowed by applicable laws, regulations and/or listing requirements, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee composed of at least two members. The Committee will serve as the "Committee" established to administer equity-based and employee benefit plans, and as such will discharge any responsibilities imposed on the Committee under those plans, including making and authorizing grants, in accordance with the terms of those plans. The Committee may delegate to one or more executive officers the authority to make grants of stock options and stock awards to eligible individuals who are not executive officers. Any executive officer to whom the Committee grants such authority shall regularly report to the Committee grants so made. The Committee may revoke any such delegation of authority at any time.

## **Meetings**

The Committee shall meet at least four times a year, or more frequently if circumstances dictate, to carry out the duties and responsibilities of the Committee and discuss and prepare the reports required by this Charter. The Committee may request any officer or employee of the Company or the Company's outside counsel or outside auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Chief Executive Officer of the Company should not attend meetings of the Committee at which his or her performance or compensation are discussed. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. The Committee shall maintain minutes or other records of meetings of the Committee.

## **Committee Reports**

The Committee shall produce the following reports and provide them to the Board:

12. An annual report of the Committee for inclusion in the Company's annual proxy statement in accordance with, and to the extent required by, applicable SEC rules and regulations and the relevant listing authority.
13. An annual performance evaluation of the Committee and this Charter.
14. A summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting. Such summaries may take the form of an oral report by the chairman of the Committee or any other member of the Committee designated by the Committee to make this report.

## **Resources and Authority of the Committee**

The Committee shall have the sole authority to retain, set the terms of any such retention (including any fees to be paid), and terminate any consultant retained to assist in the evaluation of the compensation of directors, the Chief Executive Officer, or any senior executive. The Committee may be vested with other specific powers and authority by resolution of the Board.

## **Disclosure of Charter**

This Charter shall be made available on the Company's website.

## **Amendment**

Any amendment or other modification of this Charter shall be made and approved by the Board.