

# UNIVERSAL INSURANCE HOLDINGS, INC.

## CORPORATE GOVERNANCE GUIDELINES

Revised as of October 24, 2018

The Board of Directors (“Board”) of Universal Insurance Holdings, Inc. (“Company”) has adopted this set of Corporate Governance Guidelines to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions.

### I. Role of the Board

The Board is elected by the Company’s shareholders to oversee management and to ensure that shareholder long-term interests are being served. The Board’s responsibilities include:

- providing general oversight of the business;
- approving corporate strategy and major management initiatives;
- overseeing management of significant business risks;
- selecting, compensating and evaluating directors;
- selecting, compensating and evaluating the Chief Executive Officer (“CEO”) and other senior management;
- ensuring that a succession plan is in place for the CEO and other senior management; and
- evaluating board processes and performance.

### II. Board Membership

**A. Majority of Independent Directors.** The Board will be composed of a number of independent directors sufficient in order to comply with the requirements of the Securities Exchange Act of 1934, as amended (“Exchange Act”), and the New York Stock Exchange (“NYSE”) listing standards. The Board will determine, based on all of the relevant facts and circumstances, whether each director satisfies the criteria for independence and must disclose the identity of each independent director and the basis for the Board’s determination of independence in the Company’s annual proxy statement or, if the Company does not file an annual proxy statement, in the Company’s annual report on Form 10-K. The Board may adopt and disclose categorical standards to assist it in making these determinations and may make a general disclosure if each director meets these standards. Any standards adopted by the Board shall be no less stringent than the applicable standards under the Exchange Act and the NYSE listing standards. Any determination of independence for a director who does not meet the standards adopted by the Board, however, must be specifically explained.

Each independent director of the Board shall promptly notify the Chair of the Board (“Board Chair”) if any actual or potential conflict of interest arises between the director and the Company that may impair the director’s independence. If a conflict exists and cannot be resolved, the director should submit to the Board written notification of the conflict of interest and an offer of resignation from the Board and each of the committees on which the director serves. The Board need not

accept the offer of resignation; however, the submission of the offer of resignation provides the opportunity for the Board to review the appropriateness of the continuation of the individual's membership on the Board. In some cases, it may be appropriate for the director to be replaced as a member of one or more of the committees on which he or she serves but be retained as a director.

## **B. Board Membership Criteria**

**i. Background.** The Board seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. This assessment will include an individual's independence, as well as consideration of diversity, skills and experience in the context of the needs of the Board.

**ii. Simultaneous Service.** No director should serve on more than three other public company boards. Directors should advise the Board Chair and the Chair of the Nominating and Governance Committee in advance of accepting an invitation to serve on another public company board.

**iii. Financial Literacy.** Directors should know how to read and understand fundamental financial statements and understand the use of financial ratios and information in evaluating the financial performance of the Company.

**iv. Character.** Directors should be persons of good character and thus should possess all of the following personal characteristics:

- *Integrity:* Directors should demonstrate high ethical standards and integrity in their personal and professional dealings;
- *Accountability:* Directors should be willing to be accountable for their decisions as directors;
- *Judgment:* Directors should possess the ability to provide wise and thoughtful counsel on a broad range of issues;
- *Responsibility:* Directors should interact with each other in a manner which encourages responsible, open, challenging and inspired discussion;
- *High Performance Standards:* Directors should have a history of achievements which reflects high standards for themselves and others;
- *Commitment and Enthusiasm:* Directors should be committed to, and enthusiastic about, their service on the Board; and
- *Courage:* Directors should possess the courage to express views openly, even in the face of opposition.

**v. Expectations.** Each director will be expected to:

- dedicate sufficient time, , energy and attention to ensure the diligent performance of his or her duties;
- comply with the duties and responsibilities set forth herein and in the Amended and Restated Bylaws of the Company;
- comply with all duties of care, loyalty and confidentiality applicable to directors of publicly traded corporations organized in our jurisdiction of incorporation; and
- adhere to the Company’s Code of Business Conduct and Ethics, including, but not limited to, the policies on conflicts of interest expressed therein.

The Board may consider exceptional candidates who do not meet all of these criteria.

**C. New Directors.** It is the responsibility of the Nominating and Governance Committee to recommend director candidates to the full Board. The Nominating and Governance Committee will select nominees for director in accordance with the policies in its charter.

**D. Retirement**

**i. Term Limits.** The Board does not favor term limits for directors, but believes that it is important to monitor overall Board performance. Therefore, the Board shall review each director’s continuation on the Board each year. This will allow each director the opportunity to confirm his or her desire to continue as a member of the Board.

**ii. Resignation Policy for Management Directors.** Management directors shall offer to resign from the Board upon their resignation, removal or retirement as an officer of the Company.

**III. Board Conduct**

**A. Directors’ Duties.** The Board is elected by shareholders to provide oversight and strategic guidance to senior management. The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company’s officers, employees, outside advisors and independent auditors. The Board selects and oversees the members of senior management, to whom the Board delegates the authority and responsibility for the conduct of the day-to-day operations of the business.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors are expected to review meeting materials prior to Board and committee meetings and, when possible, should communicate in advance of meetings any questions or concerns that they wish to discuss so that management will be prepared to address the same. Each director’s attendance at, and preparation for, Board and committee meetings shall be considered by the Nominating and Governance Committee when recommending director nominees.

## **B. Board Meetings**

**i. Establishing Agenda and Executive Sessions.** The Board Chair and CEO should establish the agenda for Board meetings. Each director may suggest the inclusion of items on the agenda and may raise at any Board meeting subjects that are not on the agenda for that meeting. The Board should meet at least quarterly in executive session without management directors or other members of management. A non-management director must preside over each executive session of the non-management directors although the same director is not required to preside at all executive sessions of the non-management directors. If, however, one director is chosen to preside at all executive sessions, his or her name shall be disclosed in the annual proxy statement. If the same individual is not the presiding director at every meeting, the Company must disclose the procedure by which a presiding director is selected for each executive session in its annual proxy statement. The annual proxy statement shall also disclose how interested persons may communicate with any such person or the directors who meet in executive session as a group. If all non-management directors are not independent, then, in addition, at least annually, all independent directors shall meet in a separate executive session.

**ii. Distribution of Materials.** The Company shall distribute, sufficiently in advance of meetings to permit meaningful review, written materials for use at Board meetings.

**iii. Attendance of Non-Directors.** The Board believes that attendance of key executive officers augments the meeting process, and such attendance is encouraged except where prohibited by regulatory requirements.

**iv. Number of Meetings.** The Board shall hold a minimum of four meetings per year.

**C. Conflicts of Interest.** Directors shall avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. The Company annually solicits information from directors in order to monitor potential conflicts of interest and directors are expected to be mindful of their fiduciary obligations to the Company.

**D. Director Stock Ownership Guideline.** Within two years of joining the Board, each director is expected to own shares of Company common stock having a value of at least \$50,000; provided, however, that the Company's directors as of the date hereof will be expected to satisfy this ownership guideline by January 1, 2020. Once a director meets this ownership guideline, the director is deemed to continue to meet it, provided the director does not dispose of shares that result in the director's ownership falling below the guideline immediately following the disposition. A subsequent decline in stock price, by itself, does not affect compliance with the guideline. However, if a director's ownership is below the guideline due to a decline in stock price, a director is restricted from executing a disposition until the ownership guideline can be satisfied based on the current stock price and after giving effect to the disposition.

**E. Director Compensation.** The Compensation Committee shall annually review and make recommendations to the Board with respect to the compensation of directors. The form and amount of director compensation shall be determined by the Board. The Board is aware that questions as to directors' independence may be raised when directors' fees and emoluments exceed what is customary. Similar concerns may be raised when the Company makes substantial charitable

contributions to organizations with which a director is affiliated, or enters into consulting contracts with (or provides other indirect forms of compensation to) a director. The Board will critically evaluate each of these matters when determining the form and amount of director compensation and will ensure that such payments do not violate the applicable independence requirements of the NYSE.

**F. Orientation and Continuing Director Education.** Management shall provide new directors with materials, briefings and educational opportunities to permit them to become familiar with the Company and to enable them to better perform their duties. In addition, from time to time on a continuing basis, all members of the Board shall receive additional materials, briefings and educational opportunities to enable them to remain current with matters within their purview. The Nominating and Governance Committee shall be responsible for maintaining orientation and continuing education programs for all directors.

**G. Assessing Board Performance.** The Board and each committee of the Board will conduct an annual self-evaluation to identify areas of concern or potential issues relating to the processes, performance and effectiveness of the Board or the committee, as the case may be. The Nominating and Governance Committee will oversee the evaluation of the Board, will receive comments from all directors as to the Board's performance and will review and discuss with the full Board the results of the evaluation.

**H. Access to Management and Advisors.** Directors have complete and open access to the Company's senior and mid-level management and, as necessary and appropriate, the Board's independent advisors. Directors who wish to have access to other employees may coordinate access through senior management.

**I. Interaction with Third Parties.** The Board believes that management should speak for the Company and that the Board Chair should speak for the Board. In order to ensure compliance with applicable securities laws and to avoid the potential detriment to the interests of the Company, its shareholders and other constituencies that could result from inconsistent communications, directors will not respond to media inquiries or make statements to the media regarding the Company and its business without consultation with, and approval by, the Board Chair.

**J. Board Authority.** The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the advance approval of any officer of the Company. The Company shall pay the reasonable expenses of the advisors.

**K. Confidentiality.** The Board believes that maintaining the confidentiality of information and deliberations is imperative for effective Board function. Each director shall treat as confidential information learned during the course of service on the Board and use the information solely in furtherance of the Company's business.

#### **IV. Committee Issues**

**A. Board Committees.** The Board shall have at all times an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. The Audit Committee shall consist solely of independent directors as required by the Exchange Act and the NYSE listing

standards. The Compensation Committee and Nominating and Governance Committee will consist of a number of independent directors sufficient in order to comply with the requirements of the NYSE listing standards, subject to the phase-in and cure period provisions of the Exchange Act and the NYSE listing standards. Committee members will be appointed by the Board upon the recommendation of the Nominating and Governance Committee with consideration of the desires of individual directors.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

**B. Rotation of Committee Assignments and Chairs.** Committee assignments and the designation of committee chairs should be based on the director's knowledge, interests and areas of expertise. The Board does not favor mandatory rotation of committee assignments or chairs. The Board believes experience and continuity are more important than rotation. Committee members and chairs may be rotated in response to changes in membership of the Board or for other reasons, but in all cases should be rotated only if rotation is likely to increase committee performance.

**C. Committee Charters.** Each committee shall have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its own performance.

**D. Frequency and Length of Committee Meetings.** The chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter.

## **V. Chief Executive Officer Compensation and Management Succession**

**A. CEO Compensation.** The Compensation Committee will conduct a review and approve corporate goals and objectives relevant to the CEO's compensation. The Compensation Committee shall recommend to the Board for determination the compensation of the CEO based on this evaluation and in accordance with the policies set forth in the charter of the Compensation Committee.

**B. Succession.** The Board and the Nominating and Governance Committee shall work with the Board Chair and the CEO to develop and maintain (i) a succession plan for the CEO and senior management and (ii) plans for interim succession for the CEO and senior management in the event of an unexpected occurrence.