

CHARTER OF THE COMPENSATION COMMITTEE

A. Purpose

The role of the Compensation Committee (the “Committee”) is to discharge the responsibilities of the Board of Directors (the “Board”) of Kestrel Group Ltd (the “Company”) relating to the compensation of the Company’s executive officers, to administer all plans of the Company under which Company securities may be acquired by directors, executive officers, employees and consultants and to produce the report on executive compensation in the Company’s annual proxy statement in accordance with applicable rules and regulations.

B. Functions

In order to carry out its mission and function, the Committee has the authority to perform the following tasks and processes, as well as any functions as shall be required of compensation committees by applicable rules of the Nasdaq Stock Market (“Nasdaq”). The tasks and processes are set forth as a guide, and not as minimum requirements, with the understanding that the Committee may supplement them as appropriate, or may choose to fulfill its responsibilities in other ways which it deems advisable in its business judgment.

1. Annually review and approve for the chief executive officer (the “CEO”) and the other executive officers of the Company (i) the annual base salary level; (ii) the annual and/or quarterly incentive opportunity level, including the specific goals and amount; (iii) the equity compensation; (iv) employment agreements, severance arrangements, change in control agreements and indemnification agreements, if any such agreements or arrangements are proposed; and (v) any other benefits, compensation or arrangements. In reviewing and approving such compensation, the Committee will consider such factors as it deems appropriate in its business judgment, including the Company’s performance. References herein to “executive officers” mean “officers” as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The CEO may not vote on any of these matters relating to him or her and may not be present during discussions of his or her compensation.

2. Annually review the performance of the CEO and other executive officers with input from the other independent directors, and review and approve goals and objectives for the CEO consistent with the Company’s objectives. The Committee shall prescribe such procedures as it determines necessary to conduct an evaluation of the CEO.

3. Review and approve compensation packages for new executive officers and termination packages for executive officers.

4. Review on a periodic basis the Company’s executive compensation (i) to ensure the attraction and retention of executive officers; (ii) to ensure the motivation of executive officers to achieve the Company’s business objectives, and (iii) to align the interests of key management with the long-term interests of the Company’s shareholders.

5. Annually produce a compensation disclosure and analysis for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations, and deliver

such other reports or communications relating to compensation as may be required by applicable law, or which the Committee otherwise determines in its business judgment to be necessary or advisable.

6. Recommend to the Board incentive compensation plans (including equity based plans), pension and profit sharing plans, stock purchase plans, bonus plans and similar programs.

7. Consider management proposals regarding retirement, long-term disability and other management welfare and benefit plans.

8. Review and establish an appropriate insurance coverage strategy for the Company's directors and officers.

9. Establish and recommend to the Board compensation packages for the Company's non-employee directors.

10. Approve the Company's grants and awards to officers under the Company's equity compensation plans, and authorize the Company to make grants to other employees under the Company's equity compensation plans.

11. To the extent that a plan of the Company provides for administration by the Board or a committee of the Board, serve as the committee administering such plan.

12. To the extent the Committee deems necessary or appropriate, review matters relating to the Company's management development and human capital, including key initiatives, policies and practices regarding talent development and employee health and safety.

13. Annually review its own performance and report regularly to the Board as to its activities.

14. Review and reassess the adequacy of this Charter annually, and recommend and propose changes to the Board for approval.

15. Review periodic reports from management on matters relating to the Company's personnel appointments and practices.

16. Perform any other activities consistent with this Charter, the Company's Bye-laws and governing law as the Committee or the Board deems necessary or appropriate.

17. Review the Company's compensation programs and policies, including incentive compensation arrangements, as they relate to risk management and risk-taking, to determine whether such compensation programs and policies are reasonably likely to have a material adverse effect on the Company.

C. Composition

The Committee shall consist of at least two (2) directors. The members of the Committee shall be appointed by the Board and may be removed by the Board at its discretion and as may be

consistent with the Company's bye-laws; *provided*, for the avoidance of doubt, that for so long as at least one (1) Holder Designee (as defined in the Company's bye-laws) serves on the Board, to the extent permitted by applicable laws (including any requirements under the Exchange Act, or Nasdaq rules, members of the Committee shall include at least one Holder Designee. All members of the Committee shall, in the Board's judgment, meet the applicable independence requirements of Nasdaq and be "non-employee directors" as defined by Rule 16b-3 of the Exchange Act. The Board shall annually affirmatively determine the independence of each Committee member in accordance with applicable Exchange Rules, evaluating all factors specifically relevant to determining whether the director has a relationship to the Company which is material to the director's ability to be independent from management in connection with the duties of a Committee member. Such evaluation shall include (i) the source of any compensation the member receives from the Company, including Board and committee fees and compensation under a retirement plan (including deferred compensation) for prior service with the Company and (ii) any affiliate relationship the Committee member has with the Company, a subsidiary of the Company or an affiliate of a subsidiary. Members of the Committee shall serve until their resignation, death, removal by the Board or until their successors are appointed. A Committee member shall be automatically removed without further action of the Board if the member ceases to be a director of the Company or is found by the Board no longer to be "independent" or a "non-employee" as those terms are amended from time to time. The Committee shall include a Committee Chairman. If a Chairman is not designated or present, the members of the Committee may designate a Chairman by majority vote.

D. Meetings

The Committee shall meet either in person or by means of such telephonic, electronic or other communications facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously at least twice per year at a time and place determined by the Chairman of the Committee, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed appropriate or desirable by the Chairman of the Committee. It is expected that Committee members shall be present at all Committee meetings. The Committee Chairman may call a Committee meeting upon due notice of each other Committee member at least forty-eight (48) hours prior to the meeting. Attendance by a Committee member at any meeting called on less than 48 hours' notice shall be deemed a waiver of notice unless such attendance is for the sole purpose of contesting the validity of such meeting. Members of senior management or others may attend meetings of the Committee at the invitation of the Chairman of the Committee and shall provide pertinent information as necessary. The Chairman of the Committee shall set the agenda of each meeting and arrange for the distribution of the agenda, together with supporting material, to the Committee members prior to each meeting. The Chairman of the Committee will also cause minutes of each meeting to be prepared and circulated to the Committee members and shall report regularly to the Board on its activities, as appropriate. The Committee may designate a non-voting Secretary or Acting Secretary for the Committee, who shall assist in the administration of meetings and prepare the minutes of such meeting as requested by the Committee.

A majority of the members of the Committee shall constitute a quorum for all purposes. The Committee is governed by the same rules regarding meetings (including meetings by conference telephonic, electronic or other communications facilities or means), action without meetings and

voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (i) any provision of this Charter; (ii) any provision of the Bye-laws or memorandum of association of the Company; or (iii) the laws of Bermuda.

E. Authority to Engage Advisors

The Committee shall have the resources and authority necessary to retain and approve the fees of legal and other advisors, including compensation consultants, as it deems necessary for the fulfillment of its responsibilities. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel or other adviser retained by the Committee, the expense of which shall be borne by the Company. Except as specified in Nasdaq rules, the Committee shall select legal and other advisers only after taking into consideration, all factors relevant to that person's independence from management, including the factors set forth in the Nasdaq rules. Any communication between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.