

# **NI HOLDINGS, INC.**

## **NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER**

This Nominating and Corporate Governance Committee Charter was adopted by the Board of Directors (the “Board”) of NI Holdings, Inc. (the “Company”) on November 8, 2016.

This Charter is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company’s Articles of Incorporation and Bylaws, it is not intended to establish by its own force any legally binding obligations.

### **I. GENERAL**

**Purposes.** The Nominating and Corporate Governance Committee (the “Committee”), in order to assist the Board in fulfilling its responsibilities, shall:

- a. Identify individuals qualified to become Board members, including from those nominated from current shareholders under the provisions of the Articles of Incorporation, and consistent with criteria approved by the Board;
- b. Recommend candidates to the Board for selection as recommended director nominees (as set forth in the annual Proxy Statement) at the annual meeting of shareholders;
- c. Recommend to the Board members of selected Board committees (all except this Committee);
- d. Develop and recommend to the Board a set of corporate governance principles applicable to the Company;
- e. Oversee the periodic evaluation of the Board and its committees; and
- f. Play a leadership role in the Company’s corporate governance.

**Access to Information; Delegated Authority; Resources.** In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company and, subject to the direction of the Board, the Committee is authorized and delegated the authority to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of its purposes.

The Committee is empowered to retain the advice of a human resource consultant, legal counsel, compensation consultant, tax advisor, independent accountant or other advisor or consultant to assist it in carrying out its activities. The Company shall provide adequate resources to support the Committee’s activities, including compensation of a human resources consultant, legal counsel, compensation consultant, tax advisor, independent accountant, or other advisor or consultant retained by the Committee. The Committee may request any director, officer, or employee of the Company, or the Company’s human resources consultant, outside legal counsel, compensation consultant, tax advisor, independent accountant or other advisor or consultant, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

This charter/committee applies to the governance of the Company and its wholly-owned subsidiaries (Nodak Insurance Company, American West Insurance Company, and Primero Insurance Company) and its affiliate Battle Creek Mutual Insurance Company.

## II. COMMITTEE MEMBERSHIP

**Independence.** The Committee shall consist of three or more members of the Board, each of whom the Board has selected and determined to meet the independence requirements of the Nasdaq Stock Market and the rules of the Securities and Exchange Commission.

**Tenure.** Except as otherwise directed by the Board, a director selected as a Committee member shall continue to be a member for as long as he or she remains a director or until his or her earlier resignation from the Committee. Any member may be removed from the Committee by the Board, with or without cause, at any time.

**Committee Chair.** The Chair of the Committee shall be appointed from among the Committee members by, and serve at the pleasure of, the Board, shall preside at meetings of the Committee and shall have authority to convene meetings, set agendas for meetings, and determine the Committee's information needs, except as otherwise provided by action of the Committee. In the absence of the Chair at a duly convened meeting, the Committee shall select a temporary substitute from among its members to serve as chair of the meeting.

## III. MEETINGS AND RECORDS

The Committee shall meet as often as may be deemed necessary or appropriate in its judgment, either in person or telephonically, and at such times and places as the Committee shall determine. The Committee may also act by unanimous written consent of its members. Notice of meetings shall be given to all Committee members, or may be waived, in the same manner as required for meetings of the Board. Meetings of the Committee may be held by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. A majority of the members of the Committee shall constitute a quorum for a meeting and the affirmative vote of a majority of members present at a meeting at which a quorum is present shall constitute the action of the Committee. The Committee may form, and delegate any of its responsibilities to, a subcommittee so long as such subcommittee is solely comprised of one or more members of the Committee. The Committee shall otherwise establish its own rules of procedure, subject to the provisions of the Company's Articles of Incorporation and Bylaws.

The Chief Financial Officer of the Company is responsible to the Committee to create, obtain, and retain correct and complete records and/or minutes of its proceedings in a manner consistent with the Company's Articles of Incorporation and Bylaws. Such records are subject to inspection by the Board at any reasonable time. The Chairperson of the Committee shall oversee the process of proper retention and filing of the Committee documents and shall have authority to delegate management of such process to a Committee member, Company officer, or Secretary of the Board. Unless otherwise directed by the Chairperson, the Chief Financial Officer shall be the custodian of the Committee's minutes and records.

## IV. DUTIES AND RESPONSIBILITIES

The following duties, responsibilities, and functions are set forth as a guide to fulfilling the Committee's purposes, with the understanding that the Committee may undertake other and different activities, and that the Committee's activities may diverge from those described below, as appropriate under the circumstances.

In such manner as the Committee determines is appropriate to fulfill its purposes, the Committee shall:

1. Review the Company's By-Laws for process of nominations (currently, Section 1.3), number, selection and term of office (currently, Section 2.4) for the Company's Board of Directors.
2. In concert with the Board of Directors, establish the number of members on the Board of Directors within the restrictions set forth in the Company's By-Laws. Determine current and future year needs in light of the

requirements of each “class” and the requirement that the President and Chief Executive Officer be a member of the Board.

3. Establish criteria and qualifications for Board membership, including standards for assessing independence. These criteria and qualifications shall include, among other things:
  - a. The highest ethical standards and integrity;
  - b. A willingness to act on and be accountable for Board decisions;
  - c. An ability to provide wise, informed, and thoughtful counsel to senior management on a range of issues;
  - d. A history of achievement that reflects superior standards for the director candidate and others;
  - e. Loyalty and commitment to driving the success of the Company;
  - f. An ability to take tough positions while at the same time working as a team player; and
  - g. A background that provides a portfolio of experience and knowledge commensurate with the Company’s needs.
4. Identify and consider candidates, including those recommended by shareholders, to fill positions on the Board. Assess the contributions and independence of incumbent directors in determining whether to recommend them for reelection to the Board.
5. Recommend to the Board for selection as recommended director nominees (as set forth in the annual Proxy Statement) candidates for election or reelection at each annual meeting of shareholders.
6. When vacancies with respect to directors occur, recommend to the Board candidates to fill those positions using the same criteria identified in 3 above.
7. Recommend to the Board candidates for appointment to the Compensation, Audit, and Executive Committees and their respective committee chairs. The full Board shall have sole responsibility for the selection of candidates for appointment to the Nominating and Corporate Governance Committee.
8. Review the Articles of Incorporation and By-Laws and other corporate governance documents, as necessary. Develop/update the Company’s corporate governance processes, and its governance principles, including such issues as the Board’s organization, membership terms, and the structure and frequency of Board meetings, and recommend appropriate changes to these processes and principles to the full Board for discussion and consideration. As set forth in the Articles of Incorporation and By-Laws, changes to the By-Laws and Articles of Incorporation generally require stockholder approval.
9. Consider questions of possible conflicts of interest of Board members and senior executives, in collaboration with the Audit Committee, and initiate appropriate action to address any such conflicts.
10. Review and recommend changes to the orientation materials of new directors. Recommend, and coordinate with management, the development of continuing education for directors.
11. Monitor the functions of the Board, and its committees as set forth in their respective charters. Consider the need and benefits of performing a self-assessment of the performance of the Board and each committee of the Board. In particular, a self-assessment would solicit feedback from the directors about:
  - a. Overall effectiveness of the Board/Committee
  - b. Individual performance of each member of the Board/Committee
  - c. Composition and structure
  - d. Culture
  - e. Focus
  - f. Information and resources
  - g. Process

If the Committee determines that such a self-assessment would be beneficial, the Committee shall (i) develop the format of the assessment to be used by the Board and respective committees; (ii) determine whether to use a consultant, including legal counsel, to assist in the development of the assessment tool and format, and the evaluation of the results; and (iii) based upon the results, make recommendations to the Board/Committees/individual for improvements.

12. Conduct a review of the adequacy of this Charter annually, and recommend to the Board such amendments as the Committee deems appropriate.
13. Report regularly to the full Board on Committee findings and recommendations, and any other matters the Committee deems appropriate or the Board requests.