



## GERMANIA FARM MUTUAL INSURANCE ASSOCIATION

### COMPENSATION COMMITTEE CHARTER

**Purpose:** The purpose of the Germania Compensation Committee (the “Committee”) is to assist the Germania Farm Mutual Insurance Association (“GFMIA”) Board of Directors in discharging its responsibilities relating to compensation and benefits of GFMIA’s Directors and the President/CEO. The Committee will ensure that appropriate compensation policies and practices are in place for GFMIA Directors and the President/CEO. Compensation issues to be addressed are total compensation, salary, incentive plan, and Director compensation.

#### **Specific Duties and Responsibilities:**

1. Review, develop, and administer a President/CEO performance evaluation process.
2. Make President/CEO compensation recommendations.
3. Review Company goals and objectives to develop and recommend annual incentive plan criteria for the President/CEO.
4. Assess and recommend changes to Director compensation.
5. Select and utilize outside professional resources to enable the Compensation Committee to fulfill its charter.
6. Monitor and assess the continuing GFMIA compensation process.
7. Review and reassess the adequacy of this Charter periodically and recommend changes as appropriate.
8. Perform any other activities consistent with this Charter and any other duties the Committee deems appropriate given the intent of this Charter.

#### **Committee Structure, Members, and Meeting Procedures:**

1. The Committee will consist of not less than three (3) GFMIA Directors.
2. To have a quorum present, no more than twenty-five percent (25%) of the voting members may be absent from a meeting. Action shall be taken where approved by the affirmative vote of a majority of the voting members in attendance at any meeting in which a quorum is present. A meeting of the Committee may be conducted by means of telephonic conference or electronic means wherein all persons participating can hear each other or otherwise participate. Participation in a meeting held pursuant to this paragraph shall constitute presence in person at such meeting.
3. The GFMIA Governance Committee Chairperson and the CEO shall evaluate potential members for appointment to the Committee and then present their joint recommendations to the GFMIA Board for its review, approval and appointment.
4. At its first meeting following the appointment of Committee members, the Committee shall select a Chairperson from among its members.
5. Member terms will be two (2) years. A Committee member may serve successive terms.
6. If any member of the Committee ceases to be a member of the GFMIA Board of Directors, then such Committee member’s term on the Committee shall terminate as of the date of termination from the GFMIA Board.
7. A Committee member’s term on the Committee may be modified at any time at the

discretion of the GFMIA Governance Committee Chairperson and the CEO, who must agree on the modification.

8. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.
9. The Committee will meet as necessary to conduct its work (see Attachment A for the suggested activities).
10. The Committee may utilize such professionals and/or individuals (including, but not limited to, consultants) from time to time as the Committee deems necessary.

**Decision Making:**

The Committee will present all recommendations and assessments to the GFMIA Board of Directors for final approval.

**Attachment A**

**Examples of Activities:** The Committee will meet as necessary to conduct the work of the committee:

- President/CEO evaluation process
  - Audit/review previous year compensation committee process
- Finalize President/CEO evaluations & meet with the same
  - Review market compensation materials from the independent consulting firm retained by the committee
  - Recommend President's/CEO's salaries
  - Summarize evaluation process and make recommendations to Board for President / CEO salary increases
- Review Committee Charter and evaluation process for any necessary revisions
- Mid-term President/CEO performance review (informal)
- Recommend CEO incentive plan criteria
- Recommend agent incentive plan criteria
- Board approval of CEO and agent incentive plans