FIRST ACCEPTANCE CORPORATION

Restated Compensation Committee Charter

Purpose:

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of First Acceptance Corporation (the "Company") is responsible for overseeing the philosophy and strategy of the Company's compensation programs, discharging the Board's responsibilities relating to compensation of the Company's directors and executives, and producing the Committee report on executive compensation included in the annual proxy statement as required by applicable Securities and Exchange Commission ("SEC") rules and regulations.

Committee Membership:

The Committee shall be comprised of at least three directors, each of whom shall be independent from management as that term is defined by the listing standards of the New York Stock Exchange (the "Exchange"), meet the applicable rules of the SEC, and an "outside director" as that term is defined by the regulations applicable to Internal Revenue Code Section 162(m), as determined by the Board in its business judgment. The members of the Committee and its chairperson shall be appointed by the Board.

Meetings:

The Committee shall meet at least one time per year. The chairperson may call additional meetings as circumstances arise. A majority of the total number of members shall constitute a quorum to conduct business with the full authority of the Committee.

Committee Authority and Responsibility:

The Committee acts with the authority of the Board to oversee the compensation programs of the Company. All employees are directed to cooperate as requested by the Committee.

In addition to the matters set forth herein, the Committee will perform such other functions as required by law, the listing requirements of the Exchange, the Company's Restated Certificate of Incorporation or Bylaws, and Board resolutions.

The Committee is responsible to the Board for the following activities:

- Periodically reviewing the compensation programs of the Company to ensure that they are designed to enable the Company to recruit, retain and motivate talented and diverse executives, while supporting organizational objectives and shareholder interests.

- Producing the Committee report on executive compensation included in the annual proxy statement or annual report as required by applicable SEC rules and regulations.

- Determining the compensation of the Company's Chief Executive Officer ("CEO"), including the award of equity-based compensation, bonuses and other incentives. In determining the appropriate compensation to be awarded to the CEO, the Committee shall annually review and approve the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives and determine and approve the CEO's compensation level based on this evaluation.

- On an annual basis, reviewing and approving goals and objectives relevant to the compensation of the Company's officers, evaluating such officers' performances in light of those goals and objectives, and determining such officers' compensation based on this evaluation.

- Reviewing and making recommendations to the Board with respect to any incentive-compensation or equity-based plans applicable to the Company's officers.

- Administering compensation plans as directed by the Board in accordance with the plans' terms.

- Receiving and reviewing recommendations for director compensation, and then submitting those recommendations to the Board for approval.

- Making such recommendations to the Board as the Committee may consider appropriate and taking such other actions and performing such services as may be referred to it from time to time by the Board.

Subcommittees:

The Committee may, by resolution passed by a majority of the Committee, designate one or more subcommittees, each subcommittee to consist of one or more of the members of the Committee. The Committee may delegate such authority to a subcommittee as the Committee deems appropriate.

Reporting:

The Committee shall maintain written minutes of all meetings and consent actions, which shall be recorded or filed with the books and records of the Company and made available to the Board. The Committee will make regular reports to the Board with respect to its activities. Reports of significant matters presented at meetings of the Committee will be given by the chairperson of the Committee to the Board, as required by law, regulations, or applicable stock exchange listing requirements.

Assistance from Others:

The Committee may engage external advisors and compensation consultants, to the extent determined appropriate by the Committee, to facilitate the performance of the functions of the Committee. All external advisors engaged by the Committee shall report directly to the

members of the Committee. Specifically, the Committee shall have the sole authority to retain and terminate any consultant to be used to assist in carrying out its responsibilities and shall have the sole authority to approve the consultant's fees and other retention terms. The Committee has the same authority to retain other experts to advise or assist it, including independent counsel or others. The Committee may also request reports from the Chief Executive Officer, the Chief Financial Officer, the Vice President of Human Resources or any other officer of the Company.

Performance Evaluation:

Each year, the Committee shall review and assess the adequacy and appropriateness of this charter and the Committee's own performance. The results of such evaluation and any proposed changes shall be presented to the full Board.