

Compensation Committee Charter

This Charter has been adopted by the Board of Directors of Philadelphia Consolidated Holding Corp. (the "Company") to govern its Compensation Committee (the "Committee"), which shall have the authority, responsibility and specific powers described below.

Purposes

The Committee's purposes are (i) to discharge the responsibilities of the Board of Directors relating to the compensation of the Company's directors and officers who fit within the definition of "officer", as that term is defined in Section 16 of the Securities and Exchange Act of 1934 (the "Exchange Act") and Rule 16a-1 thereunder (the "Specified Officers"), and certain of the Company's other officers in accordance with the provisions of this Charter, including the Committee's evaluation of, and approval of or recommendations to the Board of Directors with respect to, the plans, policies and programs relating to the compensation of the Company's officers, subject to approval of the Company's stockholders in those instances where stockholder approval is required by applicable laws or regulations of governmental authorities or applicable rules of the NASDAQ National Market ("NASDAQ") or any other stock exchange where the Company's securities are from time to time listed (collectively, "Applicable Requirements"), (ii) to recommend to the Board of Directors the selection and compensation of principal officers and evaluate the performance of such principal officers, and (iii) to produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with Applicable Requirements.

Committee Membership

The Committee shall consist of the number of members fixed from time to time by the Board of Directors, but shall at all times consist of not less than three members. The Committee shall have a chairperson who shall be appointed by the Board of Directors. Each member of the Committee shall be a member of the Board of Directors who satisfies any Applicable Requirements, including any "independence" requirements of the NASDAQ from time to time in effect and applicable to the Company (the "Independence Requirements"). In addition, each member of the Committee shall satisfy the applicable requirements set forth in Rule 16b-3 under the Exchange Act and Section 162(m) of the Internal Revenue Code so that the Committee may approve certain matters as required by such rules and laws.

The members of the Committee shall be appointed by the Board of Directors. The members of the Committee may be removed by the Board of Directors, with or without cause.

Committee Authority and Responsibilities

1. The Committee shall annually review and approve corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer (the "CEO"), evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee will consider the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.

2. The Committee shall annually review and make recommendations to the Board of Directors, for the CEO, President and all Executive Vice Presidents, Senior Vice Presidents and Vice Presidents the following:

- the annual base salary level;
- the annual incentive opportunity level;
- the long-term incentive opportunity level;
- the provisions of any employment agreement, severance arrangement or change-in-control agreement; and
- any special or supplemental benefits.
- and terms/conditions of the above.

All such recommendations shall be subject to the approval of a majority of the independent members of the Board of Directors, with independence being determined in accordance with the Independence Requirements.

The CEO shall, at his discretion, have the authority to make new officer hires and alter compensation for existing officers below the level of Sr. Vice President who are not Specified Officers without Committee approval between meetings of the Committee, provided the revised compensation is consistent with the competitive market place analysis provided to the Committee. Additionally, the CEO shall promptly advise the Committee's Chairperson of any such new hires and altered compensation in preparation of the following Compensation Committee Meeting.

3. The Committee shall make recommendations to the Board of Directors with respect to incentive-compensation plans and equity-based plans (each a "Specified Plan"); provided, however, that all grants and awards under each such plan shall be made pursuant to the procedures specified in such plan.
4. The Committee shall have the sole authority to retain or terminate any compensation consultant retained to assist in the evaluation of the compensation of the Company's directors and officers, including the CEO, and shall have sole authority to approve the fees and other terms applicable to the engagement of each such consultant so retained. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
5. The Committee shall administer the Company's Employee Stock Option Plan, Employee Stock Purchase Plan, the Nonqualified Employee Stock Purchase Plan, the Director's Stock Purchase Plan and any other Specified Plan, in each case, in accordance with the terms of the plan and in accordance with Applicable Requirements. The Committee shall, annually, based, to the extent determined by the Committee, on advice from third-party experts, establish guidelines for the future issuance of options under the then current employee Stock Option Plan(s). Management may make recommendations to the Committee as to proposed individual grants, but the Committee is not obligated to make any such grants. The Committee may, from time to time, grant options and awards pursuant to the Plan and the guidelines established, it being anticipated that options will be granted once each fiscal year, but not within six months of the previous grant.

6. The Committee, in consultation with senior management, shall oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
7. The Committee shall meet to consider and approve any promotions or new hires at the level of CEO, COO, CFO, CUO, General Counsel and Director of Marketing. The full Board shall meet to consider and approve any promotion or new hires of President or Chief Executive Officer. The Chief Executive Officer may promote or hire new officers below the level of President, COO, CFO, CUO, General Counsel and Director of Marketing, but shall promptly advise the Committee's Chairperson of any such promotions or new hires.
8. The Committee shall be responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement relating to its annual meeting of stockholders in accordance with Applicable Requirements.
9. The Committee shall make no less than quarterly reports to the Board of Directors.
10. The Committee shall review and reassess the adequacy of this Charter annually and, upon the completion of each such review, recommend any proposed changes to the Board of Directors for approval.
11. The Committee shall annually evaluate its own performance and report to the Board of Directors the conclusions of the Committee resulting from such review.
12. Other than the reports required to be made by the Committee, each of which shall be made by the entire Committee, the Committee may form and delegate authority to one or more subcommittees. Each such subcommittee shall consist of one or more members of the Compensation Committee.
13. All actions of the Committee will be taken with the approval of a majority of the members thereof.

Website. This Charter shall be posted on the Company's website, and the Company's annual report to stockholders must state that the Charter is available on its website and that the information is available in print to any stockholder who requests it.