

CHARTER OF THE COMPENSATION COMMITTEE OF FEDERAL LIFE GROUP, INC.

MEMBERS

The Board of Directors (the “Board”) of Federal Life Group, Inc. (the “Corporation”) shall appoint a Compensation Committee of at least three members and shall designate one such member as chairperson. All committee members must be independent directors as defined by the listing standards of the NASDAQ Stock Market (“NASDAQ”) and meet any other applicable legal requirements. Additionally, members of the Compensation Committee must qualify as “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

PURPOSES, DUTIES, RESPONSIBILITIES

The purpose of the Compensation Committee is to discharge the responsibilities of the Board relating to compensation of the Corporation’s employees, executive officers and directors and, to the extent required, produce the annual report on executive compensation for inclusion in the Corporation’s proxy statement. The duties and responsibilities of the Compensation Committee are to:

- (a) Oversee the Corporation’s overall compensation structure, policies and programs, and assess whether the Corporation’s compensation structure establishes appropriate incentives for its executive officers and employees.
- (b) Administer and make recommendations to the Board with respect to the Corporation’s incentive-compensation and equity-based compensation plans.
- (c) Review and approve corporate goals and objectives relevant to the compensation of the executive officers, evaluate each executive officer’s performance in light of those goals and objectives, and set each executive officer’s compensation level based on this evaluation. For each executive officer, other than the Chief Executive Officer, the Compensation Committee shall consider the recommendation of the Chief Executive Officer in its evaluation of such executive officer’s performance. The Chief Executive Officer may not be present during deliberations or voting related to his or her compensation.
- (d) Review and approve the design of compensation and benefit plans and programs pertaining to the Corporation’s executive officers and/or employees, and all amendments and modifications, thereto.
- (e) Review and make recommendations to the Board in regards to employment agreements and severance arrangements for executive officers, including change-in-control provisions, plans or agreements.
- (f) Review the Corporation's incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the

relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk.

- (g) Review and recommend to the Board for approval the frequency with which the Corporation will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Corporation's proxy statement.
- (h) Prepare proposals for the Corporation's proxy statement related to compensation arrangements or benefit plans, that are subject to a shareholder vote, whether compulsory or advisory, pursuant to the NASDAQ rules or other applicable laws or regulations.
- (i) Review the compensation of directors for service on the Board and its committees and recommend changes in compensation to the Board.
- (j) Annually evaluate the performance of the Compensation Committee and the adequacy of the committee's charter.
- (k) Perform such other duties and responsibilities as are consistent with the purpose of the Compensation Committee and as the Board or Compensation Committee deems appropriate.

SUBCOMMITTEES

The Compensation Committee may delegate any of the foregoing duties and responsibilities to a subcommittee of the Compensation Committee consisting of not less than two members.

OUTSIDE ADVISORS

The Compensation Committee will have the authority to retain, approve the engagement of, and terminate outside counsel, compensation consultants, experts, and other advisors (each an "Advisor") as it determines appropriate to assist it in the full performance of its duties, including any compensation consultant used to assist the Compensation Committee in the evaluation of director, executive officer or employee compensation. Each Advisor retained by the Compensation Committee must be independent to the extent required by law. An Advisor retained by the Compensation Committee will be paid by the Corporation unless such Advisor is not independent to the extent required by law. The Compensation Committee is not required to implement or act consistently with the advice or recommendations of such Advisor, and the engagement of such an Advisor shall not otherwise affect the Compensation Committee's ability or obligation to exercise its own judgment in the fulfillment of its duties. The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.

MEETINGS

The Compensation Committee will 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 Compensation Committee determines. A majority of the members of the Compensation Committee constitutes a quorum. The Compensation Committee will report regularly to the full Board with respect to its activities.