

# **INFINITY PROPERTY AND CASUALTY CORPORATION**

## **CORPORATE GOVERNANCE GUIDELINES**

(As Amended by the Board of Directors on February 23, 2017)

### **I. General**

The Board of Directors (“Board”) of Infinity Property and Casualty Corporation (“Infinity” or “Company”), acting on the recommendation of the Nominating and Corporate Governance Committee, has developed this set of corporate governance guidelines (“Guidelines”) to promote the effective functioning of the Board and committees of the Board (“Board Committees”). These Guidelines, together with the charters of each Board Committee, provide the basic outline of Infinity’s corporate governance.

The Guidelines shall be reviewed annually by the Nominating & Corporate Governance Committee and are subject to future refinement or changes as the Committee may find necessary or advisable.

### **II. Role of the Board and Management**

The role of the Board and management are related, but distinct. Governance of the corporation is placed in the hands of the directors who, in turn, elect officers to manage the business operations. The Board’s function is one of oversight and guidance. The Board reviews Infinity’s long-term strategic plans and exercises direct decision making authority in all major decisions, such as acquisitions, the declaration of dividends and major capital and financing initiatives, and other such authority as may be more specifically defined by the Board from time to time. In addition to its general oversight function, the Board, directly through the Board Committees, oversees Infinity’s business and management in accordance with these Guidelines.

Infinity’s business strategy is implemented by its officers and other employees, under the direction of the chief executive officer (“CEO”). Management reports regularly to the Board on significant events, issues and risks which may materially affect Infinity’s business or financial performance.

### **III. Board Committees**

The Board has organized itself into committees. The committees of the Board include the Audit, Compensation, Nominating and Corporate Governance, Investment and Executive Committees, and the charters of each committee can be found on the Company’s website at [www.infinityauto.com](http://www.infinityauto.com). The Board, on the recommendation of the Nominating and Corporate Governance Committee, may from time to time modify any of these committees or establish new committees. The Nominating and Corporate Governance Committee has the responsibility to evaluate and make recommendations to the Board concerning the appointment of directors to the Board Committees and the selection of committee chairs.

With the exception of the Investment and Executive Committees, each of these committees shall be composed exclusively of non-employee directors that meet the

relevant independence requirements established by the Nasdaq Global Select Market, the Sarbanes-Oxley Act and Securities and Exchange Commission Rule 10A-3 that apply to their particular assignments.

#### **IV. Board Composition**

The number of directors constituting the full Board is determined from time to time by the Board, within the limits prescribed by Infinity's certificate of incorporation and code of regulations. The Board shall be comprised of a majority of directors who qualify as independent directors under applicable NASDAQ guidelines. The Board, with assistance from the Nominating and Corporate Governance Committee, will undertake an annual review of the independence of each non-employee director and determine which directors shall qualify as "independent."

Directors should possess the highest personal and professional ethics, integrity and values, and must be committed to representing the long-term interests of Infinity and its stockholders.

Directors should be willing to devote sufficient time to carrying out their duties and responsibilities effectively. For this reason, the Nominating and Corporate Governance Committee is required to be presented with a resignation letter upon any change in a director's principal occupation, and notified promptly of the nomination of a director to the board of directors (or similar body) or any board committees of another publicly held entity, the director's removal or other cessation of service as a member of any such board or committee, or any other development that could impair a director's ability to serve on the Board or any Board Committee. The Nominating and Corporate Governance Committee shall recommend whether such resignation as a director or member of any Board Committee be accepted, or whether any other action should be taken.

#### **V. Director Selection Process**

The Board, on the recommendation of the Nominating and Corporate Governance Committee, proposes a slate of nominees for election at Infinity's Annual Meeting of Shareholders. In addition, between such meetings, the Board, on the recommendation of the Nominating and Corporate Governance Committee, may elect directors to fill vacancies on the Board, to serve until the next such meeting.

In evaluating the suitability of individual nominees, the Nominating and Corporate Governance Committee reviews the appropriate skills and characteristics required of Board members. The Committee then selects individuals as director nominees who have the highest personal and professional integrity, who have demonstrated exceptional ability and judgment and who shall be effective, in conjunction with the other nominees to the board, in collectively serving the long-term interests of the shareholders. In nominating individuals as directors, the Committee takes into account, among other factors which it may deem appropriate, the judgments, skill, diversity, business experience and needs of the Board as its function relates to Infinity's business.

Directors, members of management, shareholders or industry or professional organizations may suggest nominees. The Nominating and Corporate Governance Committee is also able to use the services of a third-party search firm to assist it in

identifying and evaluating possible nominees for director. Shareholders desiring to submit recommendations for nominations by the Nominating and Corporate Governance Committee should direct them to the Infinity Corporate Secretary, 2201 4<sup>th</sup> Avenue North, Birmingham, AL 35203.

#### **VI. Director Term and Service Limits**

The Board does not believe it should limit the number of terms for which an individual may serve as a director, nor impose any age qualifications on directors or director nominees. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with the understanding of the Company's history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these Guidelines. While the Board does not prohibit a director from serving on boards of other public companies, it does recognize that service on more than four public boards may impair the ability of the director or director nominee to best serve the interests of the Board in fulfilling its duties to the shareholders.

#### **VII. Director Attendance at Annual Meeting of Shareholders**

It is the Company's policy that all directors are expected to attend the Company's Annual Meeting of Shareholders.

#### **VIII. Director Education**

The Company encourages its directors to participate in Board education programs, which may include a mix of in-house and third-party presentations. The reasonable costs of these programs are borne by the Company. A board member's attendance at an education program is reported to the Lead Director.

#### **IX. Selection of the Chairman of the Board and Lead Director**

The Board does not require the separation of the offices of the Chairman of the Board and the CEO. If, however, the Chairman is a full time employee of the Company, the Board shall appoint an independent director as the Lead Director. The general authority and responsibilities of the Lead Independent Director are as follows:

- Presides at all meetings of independent directors, as appropriate, and provides prompt feedback to the Chairman and CEO.
- Serves as point of contact for Board members to raise issues that they may not be able to readily address with the Chairman and CEO.
- Ensures that matters of importance to the directors are placed on the Board's meeting agendas
- Assures that the Chairman and CEO understand the Board's view on important matters.
- Facilitates the Board's understanding of the Chairman and CEO's views on important matters.

- Presides over all executive sessions of the independent directors and serves in the temporary absence of the Chairman.

## **X. Meetings**

The Board currently plans at least five (5) regular meetings each year, with further meetings to occur (or action to be taken by unanimous written consent) at the discretion of the Board.

The agenda for each Board meeting is prepared by the Secretary in consultation with the Lead Independent Director and Chairman. Any director may suggest the inclusion of additional subjects on the agenda. The agenda for each Board Committee meeting shall be established by the respective committee chairperson.

Management will endeavor to provide all directors an agenda and appropriate meeting materials in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business. The directors are expected to review such materials prior to the meetings. Directors are also encouraged to ask that additional information be provided to the Board or any Board Committee to facilitate its performance.

To ensure free and open discussion and communication among the independent directors of the Board, the independent directors shall meet periodically without management present.

## **XI. Evaluating Board Performance**

The Board, acting through the Nominating and Corporate Governance Committee, shall conduct an evaluation of the performance of the Board and each Board Committee at least bi-annually.

## **XII. Board Compensation and Stock Ownership**

Directors who are employees of the Company shall not receive any compensation, directly or indirectly, for their services as directors. The Nominating and Corporate Governance Committee shall be responsible for establishing the compensation and any benefits for non-management directors. In discharging this duty, the Nominating and Corporate Governance Committee shall be guided by the following goals: compensation should fairly pay directors for the work they perform; and compensation should include a significant equity component to align directors' interests with the long-term interests of the stockholders. Accordingly, each non-employee director shall beneficially own, not later than three years after receiving his or her first annual restricted stock award, \$100,000 of common stock or three times the then-current cash portion of the annual Board retainer, whichever is less. Additionally, each non-employee director is encouraged to retain (excluding charitable contributions) beneficial ownership of any stock received as part of such director's annual Board retainer throughout the duration of such director's tenure on the Board. Prior to engaging in any open market transaction involving the Company's securities, a non-employee director shall notify the Company's General Counsel or Corporate Secretary of his or her intent to engage in such transaction.

### **XIII. Executive Stock Ownership**

To strengthen the alignment of the personal interests of the Company's executive officers with those of our shareholders, executive officers are expected to establish and maintain a significant level of equity ownership in the Company. To this end, the Board has adopted stock ownership guidelines, which require the CEO and certain other executive officers, to beneficially own shares of common stock having a market value equal to a multiple of the executive's base salary.

### **XIV. Reliance on Management and Outside Advisors**

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to retain and approve the fees and retention terms of its own independent, outside advisors. The Company shall provide for appropriate funding to pay any such advisor retained by the Board.

### **XV. Communications with the Board of Directors**

The Board will review communications from shareholders. Such communications should be addressed to the appropriate person and sent by regular mail to the Company's Corporate Secretary at 2201 4<sup>th</sup> Avenue North, Birmingham, AL 35203.

All communications received from shareholders are screened by the Corporate Secretary and, other than trivial or obscene items, are forwarded to the full Board of Directors, or to a specific Board member or committee if designated by the shareholder. Any shareholder who wishes to communicate with a specific Board member or committee should send instructions asking that the material be forwarded to the director or to the appropriate committee chairman.

### **XVI. Investor Relations Policy**

Infinity is committed to providing timely, orderly and credible information consistent with legal and regulatory requirements to enable orderly behavior in the market. Infinity will strive to provide disclosure evenly so that all parties in the investment community have fair access to this information.

This policy covers all Infinity personnel and its Board of Directors. It covers all SEC-filed documents and written statements made in the Company's annual and quarterly reports, news and earnings releases, letters to shareholders, speeches and information contained in the Company's Web site. It also covers any communications to analysts, investors, regulators, the media, customers, suppliers, and friends and relatives of Infinity personnel. The Board believes that management generally should speak for the Company. The CEO, CFO and Investor Relations Director are designated as the primary spokespersons to respond to inquiries made to the Company whether from institutional investors, analysts, the press, agents, customers or shareholders.

No Infinity employee, other than the primary spokespersons named above, may respond to any individual inquiries from the investment community or financial media unless specifically asked to do so by a spokesperson.

News releases concerning material nonpublic information will be transmitted to the wire services and posted to the Company website during non-trading hours. If this is not possible, a copy of the release will be faxed to NASDAQ prior to the release so that NASDAQ has an opportunity to determine whether a trading halt is necessary. Material nonpublic information that is inadvertently disclosed to analysts, investment professionals, or any shareholder who may trade on the information, will be immediately released to the public.

Infinity will release results of operations and conduct interactive conference calls, which will be webcast, on a quarterly basis. Infinity will announce the date and time of the conference call on the Company Website and in a news release. The call will be open to the public and will be archived on our website for 3 months after the date of the call.

### **XVII. Insider Trading Policy**

Infinity has a policy to ensure compliance by Infinity employees and directors with the federal and state securities laws and SEC regulations. The policy provides, in part, that no employee or director of Infinity may purchase or sell Infinity Common Stock or any other type of security that Infinity may issue in the future while in possession of material, nonpublic information about Infinity, nor selectively disclose such material, nonpublic information to others who may trade Infinity Common Stock or other Infinity securities. Infinity employees and directors are prohibited from making selective disclosure of material nonpublic information to securities analysts, other market professionals or non-Infinity employees unless public disclosure of such material information is also made in accordance with applicable federal securities regulations.

No employee of Infinity may purchase or sell Infinity Common Stock on the day of Infinity's quarterly earnings announcement or during the two business days before or after a quarterly results announcement.

The following people may not purchase or sell Infinity Common Stock starting on the first day of the first month of each fiscal quarter and continuing through the second business day following Infinity's quarterly earnings announcement (the "Quarterly Blackout"): (1) all Infinity officers and directors and (2) each employee who has been notified by Infinity of his or her placement on the Quarterly Blackout list (e.g., employees working on a possible material acquisition or employees working with material financial information about Infinity).

### **XVIII. Conflicts of Interest**

The Company's directors and executive officers have an obligation to promote the best interests of the Company at all times to the exclusion of personal advantage and any action which may involve a conflict between one's personal interest and the interests of the Company.

A "conflict of interest" exists when a person's private interest interferes or reasonably appears to interfere in any way with the interests of the Company. Where potential conflicts of interest arise, directors and officers shall provide full disclosure to the Company's Audit Committee Chairman, who shall be an independent outside director.

## **XIX. Corporate Governance Hotline**

Infinity has established a Corporate Governance Hotline that allows employees and persons outside of the Company to submit confidential, anonymous messages regarding questionable accounting, accounting controls, financial reporting or auditing practices on the part of the Company or any of its employees or agents.

An issue regarding a questionable accounting, accounting controls, financial reporting or auditing practice can be reported by dialing 1-800-719-4923 and following the audio instructions. The Company's Audit Committee Chairman and the head of its Internal Audit Department will receive a report containing the relevant details of any questionable accounting, accounting controls, financial reporting or auditing practices reported to the Corporate Governance Hotline.

## **XX. Access to Management**

Non-management directors may contact any Infinity employee without the permission of management, and without such management being present. Board members shall coordinate such contacts through the Lead Independent Director and will use judgment to ensure that such contacts are not distracting to the business operation of the Company.