

FEDERATED NATIONAL HOLDING CO
Form DEF 14A
July 17, 2015

United States
Securities and Exchange Commission
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

FEDERATED NATIONAL HOLDING COMPANY
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on the table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

FEDERATED NATIONAL HOLDING COMPANY

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON SEPTEMBER 15, 2015

To the Shareholders of Federated National Holding Company:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the "Annual Meeting") of Federated National Holding Company, a Florida corporation (the "Company"), will be held at the DoubleTree by Hilton Hotel Sunrise – Sawgrass Mills, 13400 West Sunrise Boulevard, Sunrise, Florida 33323, at 11:00 A.M., on September 15, 2015 for the following purposes:

1. To elect one Class II director to a term of three years;
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the 2015 fiscal year; and
3. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on July 16, 2015 as the record date for determining those shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

Whether or not you expect to be present, please sign, date and return the enclosed proxy card in the pre-addressed envelope provided for that purpose as promptly as possible. No postage is required if mailed in the United States.

By Order of the Board of Directors,

Rebecca L. Campillo, Corporate Secretary

Sunrise, Florida
July 27, 2015

ALL SHAREHOLDERS ARE INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. THOSE SHAREHOLDERS WHO ARE UNABLE TO ATTEND ARE RESPECTFULLY URGED TO EXECUTE AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE. SHAREHOLDERS WHO EXECUTE A PROXY MAY NEVERTHELESS ATTEND THE ANNUAL MEETING, REVOKE THEIR PROXY AND VOTE THEIR SHARES IN PERSON.

FEDERATED NATIONAL HOLDING COMPANY

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 15, 2015

PROXY STATEMENT

General

We are providing these proxy materials in connection with the solicitation by the Board of Directors of Federated National Holding Company of proxies to be voted at our 2015 Annual Meeting of Shareholders to be held on September 15, 2015, at 11:00 a.m. (Eastern Time) at the DoubleTree by Hilton Hotel Sunrise – Sawgrass Mills, 13400 West Sunrise Boulevard, Sunrise, Florida 33323, and at any postponements or adjournments thereof. In this proxy statement, Federated National Holding Company is referred to as the “Company,” “we,” “our” or “us.”

The approximate date that this proxy statement and the enclosed form of proxy are first being sent to our shareholders is July 27, 2015. You should review the information provided in this proxy statement with our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which is being delivered to shareholders simultaneously with this proxy statement.

GENERAL INFORMATION

Who is entitled to vote at the 2015 Annual Meeting?

Your board has set the close of business on July 16, 2015 as the record date for determining those shareholders entitled to notice of, and to vote on, all matters that may properly come before the Annual Meeting. As of the record date, the Company had approximately 14,228,423 outstanding shares of common stock entitled to notice of, and to vote at, the Annual Meeting. No other securities are entitled to vote at the Annual Meeting. Only shareholders of record on such date are entitled to notice of, and to vote at, the Annual Meeting.

What are the voting rights of shareholders?

Each shareholder of record is entitled to one vote for each share of the Company’s common stock that is owned as of the close of business on the record date on all matters to come before the Annual Meeting. Under our Amended and Restated Articles of Incorporation, as amended, shareholders do not have cumulative voting rights in the election of directors.

How many votes must be present to hold the Annual Meeting?

To conduct business at the Annual Meeting, a quorum must be present. The attendance, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock entitled to vote on the matters being considered at the Annual Meeting is necessary to constitute a quorum. For purposes of determining whether a quorum exists, we count proxies marked “withhold authority” as to any director nominee or “abstain” as to a particular proposal as being present at the meeting. Shares represented by a proxy as to which there is a “broker non-vote” (that is, where a broker holding your shares in “street” or “nominee” name indicates to us on a proxy that you have given the broker the discretionary authority to vote your shares on some but not all matters), will also be considered present at the meeting for purposes of determining whether a quorum exists.

How do I vote my shares?

This year, we will be using the “Notice and Access” method of providing proxy materials to you via the Internet. We believe that this process provides you with a convenient and quick way to access your proxy materials and vote your shares, while allowing us to conserve natural resources and reduce the costs of printing and distributing the proxy materials. On or about July 20, 2015, we will mail to many of our shareholders a Notice of Internet Availability of Proxy Materials (“Notice”) containing instructions on how to access our proxy statement and Form 10-K and vote electronically via the Internet. The Notice also contains instructions on how to receive a paper copy of your proxy materials. We will not be mailing this Notice to shareholders who had previously elected to receive notices, access our proxy materials and vote via the Internet, or who had previously elected to receive paper copies of our proxy materials.

In addition, to ensure we achieve a quorum for the Annual Meeting and facilitate voting by our shareholders, we will mail paper copies of our proxy materials to beneficial holders of at least 5,000 shares of our common stock, to shareholders who have specifically requested receipt of paper copies of our proxy materials, and to all registered holders.

To vote by mail, please sign, date and return to the Company as soon as possible the enclosed proxy card. An envelope with postage paid, if mailed in the United States, is provided for this purpose. Properly executed proxies that are received in time and not subsequently revoked will be voted as instructed on the proxies. If you vote by Internet as described above, you need not also mail a proxy to the Company.

You may vote by ballot in person at the Annual Meeting. If you want to vote by ballot, and you hold your shares in street name (that is, through a bank or broker), you must obtain a legal proxy from that organization and bring it to the Annual Meeting. Even if you plan to attend the Annual Meeting, you are encouraged to submit a proxy card or vote by Internet to ensure that your vote is received and counted. If you vote in person at the Annual Meeting, you will revoke any prior proxy you may have submitted.

Will my shares be voted if I do not provide instructions to my broker or nominee?

If you hold shares through an account with a bank or broker, the voting of the shares by the bank or broker when you do not provide voting instructions is governed by the rules of the New York Stock Exchange. In uncontested solicitations, these rules allow banks and brokers to vote shares in their discretion on “routine” matters for which their customers do not provide voting instructions. On matters considered “non-routine,” banks and brokers may not vote shares without your instruction. Shares that banks and brokers are not authorized to vote are referred to as “broker non votes.” Therefore if you hold your shares in the name of your broker (sometimes called “street name” or “nominee name”) and you do not provide your broker with specific instructions regarding how to vote on any proposal to be voted on at the Annual Meeting, your broker will not be permitted to vote your shares on non-routine proposals. The only proposal to be voted on at the Annual Meeting that is considered a routine proposal is Proposal 2 regarding the ratification of the Audit Committee’s appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2015 fiscal year. All other proposals to be voted on at the Annual Meeting are considered non-routine. Therefore, if you want your vote to be counted on any proposal to be considered at the Annual Meeting, other than Proposal 2, you must instruct your bank or broker how to vote your shares. If you do not provide voting instructions, no votes will be cast on your behalf with respect to such proposals.

What vote is required?

The election of the Board’s nominee for election to the Board of Directors at the Annual Meeting is expected to be an uncontested election. As such, a director will be elected only if a majority of the votes cast for the director exceeds the number of votes cast against the director.

For the other proposal covered by this proxy statement to be approved, the votes cast favoring the proposal must exceed the votes cast opposing the proposal. If a shareholder provides specific voting instructions, his or her shares will be voted as instructed. If a shareholder holds shares in his or her name and returns a properly executed proxy without giving specific voting instructions, the shareholder's shares will be voted "FOR" the Board's nominee for director and "FOR" Proposal 2, as recommended by the Board of Directors. In tabulating the votes for any particular proposal, shares that constitute broker non-votes or abstentions will not be counted as votes cast for any non-routine proposal. Thus, broker non-votes and abstentions will not be counted as votes cast "FOR" or "AGAINST" Proposal 2.

How does the Board of Directors recommend that I vote?

Your board unanimously recommends that you vote as follows:

"FOR" the following nominee for election to the Board to serve until the 2018 Annual Meeting of Shareholders and until his successor has been duly elected and qualified: Richard W. Wilcox, Jr.

"FOR" the ratification of our Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2015 fiscal year.

How will my shares be voted if I mark "Abstain" on my proxy card?

We will count a properly executed proxy card marked "Abstain" as present for purposes of determining whether a quorum is present, but abstentions will not be counted as votes cast for or against any given matter.

What does it mean if I receive more than one proxy card or voting instruction form?

If you hold your shares in more than one account, you will receive a proxy card or voting instruction form for each account. To ensure that all of your shares are voted, please vote using each proxy card or voting instruction form you receive or, if you vote by Internet, you will need to enter each of your Control Numbers. Remember, you may vote by Internet or by signing, dating and returning the proxy card in the postage-paid envelope provided.

Who will solicit proxies on behalf of the board?

Proxies may be solicited on behalf of the Board of Directors, without additional compensation, by the Company's directors, officers and regular employees. The original solicitation of proxies by mail may be supplemented by telephone, telegram, facsimile, electronic mail, and personal solicitation by our directors, officers or other regular employees (who will receive no additional compensation for such solicitation activities). You may also be solicited by advertisements in periodicals, press releases issued by us and postings on our corporate website. Unless expressly indicated otherwise, information contained on our corporate website is not part of this proxy statement.

Who will bear the cost of the solicitation of proxies?

The entire cost of soliciting proxies, including the costs of preparing, assembling, printing and mailing this proxy statement, the proxy card and any additional soliciting materials furnished to shareholders, will be borne by the Company. Copies of solicitation material will be furnished to banks, brokerage houses, dealers, banks, voting trustees, their respective nominees and other agents holding shares in their names, which are beneficially owned by others, so that they may forward such solicitation material, together with our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, to beneficial owners. In addition, we will reimburse these persons for their reasonable expenses in forwarding these materials to the beneficial owners upon request.

May I attend the Annual Meeting?

Only holders of the Company's shares as of the record date are entitled to attend the Annual Meeting. If you are a shareholder of record, please be prepared to provide proper identification, such as a driver's license or state identification card. If you hold your shares in "street name," you will need to provide proof of ownership, such as a recent account statement or letter from your bank, broker or other nominee, along with proper identification. The Company reserves the right to deny admittance to anyone who cannot adequately show proof of share ownership as of the record date. No cameras, recording equipment, large bags, briefcases or packages will be permitted into the Annual Meeting.

Can the Annual Meeting date be changed?

The Annual Meeting may be adjourned or postponed without notice other than by an announcement made at the Annual Meeting, if approved by the holders of a majority of the shares represented and entitled to vote at the Annual Meeting. No proxies voted against approval of any of the proposals will be voted in favor of adjournment or postponement for the purpose of soliciting additional proxies. If we postpone the Annual Meeting, we will issue a press release to announce the new date, time and location of the Annual Meeting.

Where and when will I be able to find the voting results?

You can find the official results of the voting at the Annual Meeting in our Current Report on Form 8-K that we will file with the Securities and Exchange Commission within four business days after the Annual Meeting. If the official results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as practicable after they become available.

What is the Company's Internet address?

The Company's Internet address is <http://www.fednat.com>. You can access this proxy statement and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 at this Internet address. The Company's filings with the SEC are available free of charge via a link from this address. Unless expressly indicated otherwise, information contained on our website is not part of this proxy statement. In addition, none of the information on any other website listed in this proxy statement is part of this proxy statement. Any such website addresses are intended to be inactive textual references only.

Who can answer my questions?

Your vote at this year's meeting is important, no matter how many or how few shares you own. Please sign and date the enclosed proxy card and return it in the enclosed postage-paid envelope promptly or vote by Internet or telephone. If you have questions or require assistance in the voting of your shares, please call the Company's Chief Financial Officer at (800) 293-2532.

How can I obtain additional copies of these materials or copies of other documents?

Complete copies of this proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 are also available on our website at <http://www.fednat.com> and also may be obtained by contacting our Chief Financial Officer by phone at (800) 293-2532 or by mail to the Chief Financial Officer, 14050 N.W. 14 Street, Suite 180, Sunrise, Florida 33323.

BENEFICIAL SECURITY OWNERSHIP

The following table sets forth, as of July 16, 2015, information with respect to the beneficial ownership of our common stock by (i) each person who is known by us to beneficially own 5% or more of our outstanding common stock, (ii) each of our executive officers named in the Summary Compensation Table in the section "Executive Compensation," (iii) each of our directors, and (iv) all directors and executive officers as a group.

As used herein, the term beneficial ownership with respect to a security is defined by Rule 13d-3 under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") as consisting of sole or shared voting power (including the power to vote or direct the vote) and/or sole or shared investment power (including the power to dispose or direct the disposition of) with respect to the shares through any contract, arrangement, understanding, relationship or otherwise, including a right to acquire such power(s) during the next 60 days. Unless otherwise noted, beneficial ownership consists of sole ownership, voting and investment rights, and the address for each person is c/o Federated National Holding Company, 14050 N.W. 14 Street, Suite 180, Sunrise, Florida 33323.

Name and Address of Beneficial Owner (1)	Number of Shares Beneficially Owned	Percent of Class Outstanding	
Michael H. Braun (2)	427,205	2.99	%
Richard W. Wilcox, Jr. (3)	182,476	1.28	%
Carl Dorf (4)	173,341	1.22	%
Peter J. Prygelski, III (5)	148,557	1.04	%
Jenifer G. Kimbrough (6)	35,336	*	
All directors and executive officers as a group (five persons) (7)	966,915	6.74	%
5% or greater holders:			
Dimensional Fund Advisors LP (8) Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	725,649	5.10	%
BlackRock, Inc. (9) 55 East 52 nd Street New York, NY 10022	903,938	6.35	%

*Less than 1%.

(1)Based on 14,228,423 shares outstanding as of July 16, 2015.

(2) Includes 8,333 shares of restricted stock, which began vesting over three years beginning on March 4, 2014, 80,000 shares of restricted stock, which began vesting over five years beginning on August 5, 2014, 29,331 shares of restricted stock, which began vesting over three years beginning on March 4, 2015, 45,000 shares of restricted stock, 20% of which vest each year beginning on September 9, 2015, 50,000 shares of restricted stock, 20% of which vest each year beginning on December 9, 2015, 32,997 shares of restricted stock, 33 1/3% of which vest each year beginning on March 10, 2016, 50,000 shares of restricted stock, 20% of which vest each year beginning on May 5, 2016, and 40,000 shares of common stock issuable upon the exercise of vested stock options held by Mr. Braun.

(3)Includes 3,000 shares of common stock held in Mr. Wilcox's IRA, 40,000 shares of common stock held by Mr. Wilcox's spouse, 1,333 shares of restricted stock, which began vesting over three years beginning on March 4,

2014, 2,094 shares of restricted stock, which began vesting over three years beginning on March 4, 2015, 10,000 shares of restricted stock, 20% of which vest each year beginning on September 9, 2015, and 2,084 shares of restricted stock, 33 1/3% of which vest each year beginning on March 10, 2016.

(4) Includes 63,491 shares of common stock held by Dorf Trust, 59,624 shares of common stock held by Carl Dorf Rollover IRA, 1,333 shares of restricted stock, which began vesting over three years beginning on March 4, 2014, 2,094 shares of restricted stock, which began vesting over three years beginning on March 4, 2015, 10,000 shares of restricted stock, 20% of which vest each year beginning on September 9, 2015, 2,084 shares of restricted stock, 33 1/3% of which vest each year beginning on March 10, 2016 and 25,000 shares of common stock issuable upon the exercise of vested stock options held by Mr. Dorf.

(5) Includes 4,000 shares of common stock held in Mr. Prygelski's IRA, 5,000 shares of restricted stock, which began vesting over three years beginning on March 4, 2014, 40,000 shares of restricted stock, which began vesting over five years beginning on August 5, 2014, 10,894 shares of restricted stock, which began vesting over three years beginning on March 4, 2015, 15,000 shares of restricted stock, 20% of which will vest each year beginning on September 9, 2015, 9,551 shares of restricted stock, 33 1/3% of which vest each year beginning on March 10, 2016 and 40,000 shares of common stock issuable upon the exercise of vested stock options held by Mr. Prygelski.

(6) Includes 1,110 shares of common stock held in Ms. Kimbrough's IRA, 1,333 shares of restricted stock, which began vesting over three years beginning on March 4, 2014, 2,094 shares of restricted stock, which began vesting over three years beginning on March 4, 2015, 10,000 shares of restricted stock, 20% of which vest each year beginning on September 9, 2015, 2,084 shares of restricted stock, 33 1/3% of which vest each year beginning on March 10, 2016 and 15,000 shares of common stock issuable upon the exercise of vested stock options held by Ms. Kimbrough.

(7) Includes 17,332 shares of restricted stock, which began vesting over three years beginning on March 4, 2014, 120,000 shares of restricted stock, which began vesting over five years beginning on August 5, 2014, 46,507 shares of restricted stock, which began vesting over three years beginning on March 4, 2015, 90,000 shares of restricted stock, 20% of which vest each year beginning on September 9, 2015, 50,000 shares of restricted stock, 20% of which vest each year beginning on December 9, 2015, 48,800 shares of restricted stock, of which 33 1/3% vest each year beginning on March 10, 2016, 50,000 shares of restricted stock, 20% of which vest each year beginning on May 5, 2016, and 120,000 shares of common stock issuable upon the exercise of vested stock options.

(8) This information is based on an Amendment No. 5 to Schedule 13G filed with the SEC on February 5, 2015.

(9) This information is based on the Schedule 13G filed with the SEC on February 2, 2015.

PROPOSAL ONE: ELECTION OF DIRECTORS

Our Articles of Incorporation provide that our Board of Directors consists of three classes of directors, as nearly equal in number as possible, designated Class I, Class II and Class III, and provides that the exact number of directors comprising our Board of Directors will be determined from time to time by resolution adopted by the Board. At each annual meeting of shareholders, successors to the class of directors whose terms expire at that annual meeting are elected for a three-year term.

Our Board of Directors is currently composed of five members. The current term of the Class I directors, Michael H. Braun, Peter J. Prygelski, III and Jenifer G. Kimbrough, terminates upon the election of their successors at our 2016 annual meeting. The current term of Class III director, Carl Dorf, terminates upon election of his successor at or 2017 annual meeting. The current term of the Class II director, Richard W. Wilcox, Jr., terminates at this Annual Meeting. As a result of the death of a director in 2014 and the resignation of a director in March 2015, the Board is reviewing the existing director classes in conjunction with its consideration of potential new candidates for possible election to the Board. Mr. Wilcox, who has been nominated for re-election to the Board at the Annual Meeting, will, if re-elected, serve as a Class II director until our 2018 annual meeting or until his successor is duly elected and qualified.

Pursuant to the Company's Bylaws, directors are elected by a plurality of votes cast. Under Rule 452 of the New York Stock Exchange, brokers may not cast discretionary votes for directors without instructions from the beneficial owners; therefore, it is important that all shareholders complete, sign and return the voting instruction forms that they receive from their brokers as promptly as possible. In this election, which is not contested, a vote withheld as to the nominee being proposed for election to the Board will not be counted as votes cast for purposes of the election of directors at the Annual Meeting, but will be counted for purposes of determining the presence of a quorum.

While the Company's directors are elected by plurality, the Company has a policy that should any nominee receive more votes "withheld" than "for" in an uncontested election, the director is required to promptly tender his or her resignation to the Board of Directors. Upon receipt of a director's resignation due to adherence to this policy, the remaining members of the Board shall promptly consider the resignation offer, and a range of possible responses based on the circumstances that led to the majority withheld vote, if known, and make a determination within 90 days following certification of the shareholder vote. The Board will promptly disclose its decision-making process and decision regarding whether to accept the director's resignation offer (or the reason(s) for rejecting the resignation offer, if applicable) in a Form 8-K furnished to the SEC.

Except as noted above, it is intended that shares represented by proxies will be voted for Richard W. Wilcox, Jr., the nominee for re-election to the Board. Mr. Wilcox has consented to continue to serve on our Board of Directors and the Board of Directors has no reason to believe that he will not serve if elected. If, however, he should become unavailable to serve as a director, and if the Board has designed a substitute nominee, the persons named as proxies will vote for this substitute nominee.

Nominee for Re-election

The following provides information regarding the individual recommended and nominated by the Board of Directors to serve as a Class II director of the Company, including the nominee's respective age, principal occupation, business experience for at least the past five years and directorships in other reporting companies:

Richard W. Wilcox, Jr., age 73, has served as a director of the Company since January 2003, and in April 2015 was named Lead Independent Director. Mr. Wilcox has been in the insurance industry for more than 40 years. In 1963, Mr. Wilcox started an insurance agency that eventually developed into a business generating \$10 million in annual revenue. In 1991, Mr. Wilcox sold his agency to Hilb, Rogal and Hamilton Company ("HRH") of Fort Lauderdale, for which he retained the position of President through 1998. In 1998, HRH of Fort Lauderdale merged with Poe and Brown of Fort Lauderdale, and Mr. Wilcox served as the Vice President of Poe and Brown until 1999, when he retired. Mr. Wilcox holds CIC designation as a member of the Society of Certified Insurance Counselors. Mr. Wilcox also holds an Advanced Professional Director Certification from the American College of Corporate Directors, a national public company director education and credentialing organization. Mr. Wilcox does not serve on the Board of Directors of any other SEC reporting company.

Mr. Wilcox's extensive experience in the insurance industry, as well as his historical knowledge of the Company, is considered to be valuable expertise for the Board.

Vote Required and Recommendation

The nominee for election to the Board of Directors, as a Class II director, who receives the greatest number of votes cast for the election of directors by the shares present, in person or by proxy, shall be elected directors. Shareholders do not have the right to cumulate their votes for directors. In this non-contested election of directors, a vote withheld will have no effect on the outcome. Under Rule 452 of the New York Stock Exchange, brokers may not cast discretionary votes for the election of directors without instructions from the beneficial owners of the shares.

The Board of Directors recommends a vote FOR the nominee for director set forth above.

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth certain information with respect to our executive officers and continuing directors as of July 16, 2015:

<u>Name</u>	<u>Age</u>	<u>Position with Company</u>
Michael H. Braun	48	Chief Executive Officer, President, Chairman, Class I Director
Peter J. Prygelski, III	46	Chief Financial Officer, Treasurer, Class I Director
Richard W. Wilcox, Jr.	73	Lead Independent Director Class II Director
Carl Dorf	74	Class III Director
Jenifer G. Kimbrough	44	Class I Director

The business experience of Richard W. Wilcox, Jr., the nominee to serve as a Class II Director, appears under the caption "Nominees for Re-election" beginning on page 5.

Michael H. Braun was appointed Chief Executive Officer of the Company in July 2008, President in June 2009, elected to the Board of Directors in December 2005, and appointed as Chairman of the Board in April 2015. Previously, Mr. Braun was Chief Operating Officer, where he was responsible for the Company's day-to-day operations and strategic product portfolio. Mr. Braun has also served as President of Federated National Insurance Company ("FNIC"), a subsidiary of the Company, since September 2003, a position that he continues to hold. Previously, he held key management positions within FNIC, responsible for operations, marketing and underwriting. Prior to joining the Company, Mr. Braun was Managing Partner for an independent chain of insurance agencies, which was acquired by the Company in 1998. Mr. Braun does not serve on the Board of Directors of any other SEC reporting company.

Mr. Braun brings his long-standing senior management and operational experience with the Company, as well as his prior experience running a substantial Florida-based insurance agency business, to the Board.

Peter J. Prygelski, III was named Chief Financial Officer in June 2007 after serving as an independent director from January 2004 through June 2007. Mr. Prygelski was re-nominated to the Board in June 2008 and has served as an inside director since that time. Mr. Prygelski has spent his entire career in the financial services industry. He spent 12 years at American Express in various capacities including; Director of Internal Audit and Assistant General Auditor of American Express Centurion Bank. In this capacity, Mr. Prygelski was responsible for the monitoring of internal controls for a bank with \$45 billion in assets, and assessing and mitigating operational, reputational, regulatory and strategic risk. After leaving American Express, he spent the next three years at Ernst & Young and Deloitte and Touche. At both firms, Mr. Prygelski served as a senior manager responsible for growing the financial services practice in the Southeast. He managed teams that provided Fortune 500 companies with consulting services in the following areas; Finance Transformation, Finance Operations Effectiveness, Financial Reporting, Cost Optimization, Governance, Risk and Compliance Services, and Board of Directors Performance. Mr. Prygelski does not serve on the Board of Directors of any other SEC reporting company.

Mr. Prygelski's extensive experience in auditing and accounting, both from the perspective of his role as the Company's Chief Financial Officer and also based on his experience at other diversified financial services companies, is considered to be a valuable addition to the Board.

Carl Dorf has served as a director of the Company since August 2001. Mr. Dorf has over 40 years of diversified investment experience as a security analyst, portfolio manager, mutual fund manager and hedge fund manager. He earned the Chartered Financial Analyst (CFA) designation and in the past served as director of the Los Angeles Society of Security Analysts. Since April 2001, Mr. Dorf has been the principal of Dorf Asset Management, LLC, and is responsible for all investment decisions made by that company. From January 1991 to February 2001, Mr. Dorf served as the Fund Manager of ING Pilgrim Bank and Thrift Fund. Prior to his experience at Pilgrim, Mr. Dorf was a principal in Dorf & Associates, an investment management company. Mr. Dorf does not serve on the Board of Directors of any other SEC reporting company.

The Board believes that Mr. Dorf's significant knowledge and experience in investments and financial instruments, in addition to his long tenure on the Board, is an important addition to the Board.

Jenifer G. Kimbrough has served as a director of the Company since April 2009. Ms. Kimbrough has served as the Vice President of Compliance and Audit for Surgical Care Affiliates since March 2010, prior to which Ms. Kimbrough served as the Vice President of Assurance and Process Improvement. Prior to 2007, Ms. Kimbrough was the Senior Vice President of Investor Relations at Regions Financial Corporation. From 1993 to 2003, Ms. Kimbrough served as an Audit Senior Manager at Ernst & Young LLP. Ms. Kimbrough received her certification as a certified public accountant from the Alabama State Board of Public Accountancy in 1994. Ms. Kimbrough is an active member of several societies, including: American Woman's Society of CPAs, Institute of Internal Auditors, Alabama State Society of CPAs and American Institute of CPAs. Additionally, she recently served on the AICPA Women's Initiative Executive Committee and as National President of the AWSCPA. Ms. Kimbrough does not serve on the Board of Directors of any other SEC reporting company.

The Board considered Ms. Kimbrough's experience as an outside auditor and accountant, as well as her operational and investor relations experience, to be valuable skills for the Board.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires that our executive officers, directors, and persons who own more than 10% of a registered class of our equity securities to file reports of beneficial ownership and certain changes in beneficial ownership with the SEC and to furnish us with copies of those reports. To our knowledge, based solely on a review of the copies of such reports furnished to us or written representations that no other reports were required, we believe that during the year ended December 31, 2014, our officers, directors and greater than 10% shareholders timely filed all reports required by Section 16(a) except Bruce Simberg, a director of the Company until March 4, 2015, reported one transaction for the exercise of 3,333 stock options late on a Form 4.

Corporate Governance/Code of Conduct

We have adopted a Code of Conduct for all employees, officers and directors of the Company. A copy of our Code of Conduct policy is available on our web site at www.FedNat.com.

Leadership Structure and Risk Oversight

The Chairman of the Board typically presides at all meetings of the Board. The Chairman is elected to serve by the directors. Currently, Michael Braun, our Chief Executive Officer and President, serves as our Chairman, and Richard W. Wilcox Jr., an independent member of the Board since 2003, serves as the Board's Lead Independent Director. Although in the past, the roles of Chairman of the Board and Chief Executive Officer have been separated, based on recent departures from the Board and on the current size, organizational structure and nature of the Company's business, the Board believes that having Mr. Braun serve as the Company's Chairman of the Board is in the best interests of the Company and its shareholders at this time. Mr. Wilcox's appointment as Lead Independent Director is intended to ensure that the independent members of the Board continue to have effective and current communications

among themselves and with the Company's management. The responsibilities of the Company's Lead Independent Director are: (i) presiding at all meetings of the Board at which the Chairman is not present, including presiding at executive sessions of the board (without management present) at every regularly scheduled board meeting, (ii) serving as a liaison between the Chairman (and management) and the independent directors, (iii) providing input regarding meeting agendas, time schedules and other information provided to the Board, and (iv) being available for direct communication and consultation with major shareholders, as appropriate, upon request. Our Lead Independent Director also has the authority to call meetings of the independent directors. The Chief Executive Officer and Chief Financial Officer currently serve as the only members of management on the Board.

The Company believes that its Board as a whole should encompass a range of talent, skill, diversity, and expertise enabling it to provide sound guidance with respect to the Company's operations and interests. The Company's policy is to have at least a majority of Directors qualify as independent as defined by the listing and maintenance rules of The Nasdaq Stock Market (the "Nasdaq Rules"). The Nominating Committee identifies candidates for election to the Board of Directors; reviews their skills, characteristics and experience; and recommends nominees for director to the Board for approval. The Nominating Committee's Charter provides that the Board of Directors as a whole should be diverse and consist of individuals with various and relevant career experience, relevant technical skills, industry knowledge and experience, financial expertise and local or community ties. Minimum individual requirements include strength of character, mature judgment, familiarity with the Company's business and industry, independence of thought and an ability to work collegially. The Board believes that the qualifications of the directors, as set forth in their biographies set forth above provide them with the qualifications and skills to serve as a director of our Company.

To facilitate the Board's oversight functions and to take advantage of the knowledge and experience of its members, the Board has created several standing committees. These committees, the Audit, Investment, Nominating, Compensation and Directors Compensation Committees, allow regular risk oversight and monitoring, and deeper analysis of issues before the Board. The Audit and Compensation committee structures also require committees to be comprised exclusively of independent directors. The membership of the standing committees is reviewed from time to time, and specific committee assignments are proposed and appointed by the Board. In addition, among their other respective duties, the Board and Audit Committee each conduct an annual assessment to evaluate their effectiveness.

The Board's role in connection with risk oversight is to oversee and monitor the management of risk practiced by the Company's management in the performance of their duties. The Board does this in a number of ways, principally through the oversight responsibility of committees of the Board, but also as part of the strategic planning process. For example, our Audit Committee oversees management of risks related to accounting, auditing and financial reporting and maintaining effective internal controls over financial reporting. Our Nominating Committee oversees risk associated with corporate governance and the Company's code of conduct, including compliance with listing standards for independent directors and conflicts of interest. Our Compensation Committee oversees the risk related to our executive compensation plans and arrangements. Our Investment Committee oversees the risks related to managing our investment portfolio. Our Directors Compensation Committee oversees the risk related to our non-employee director compensation plans and arrangements. The full Board receives reports on a regular basis regarding each committee's oversight from the chairperson of each committee when reporting on their committee's actions at regular Board meetings, as well as overseeing the development and implementation of strategic initiatives.

Meetings and Committees of the Board of Directors

During 2014, the Board of Directors held nine regular meetings, one special meeting and took actions by written consent on four occasions. During 2014, no director attended fewer than 75% of the Board and committee meetings held during this period. The Board of Directors encourages, but does not require, its directors to attend the Company's annual meeting. Last year, all six of our directors attended our annual meeting.

The Board has determined that the following directors continue to be independent pursuant to the Nasdaq Rules applicable to the Company: Carl Dorf, Richard W. Wilcox, Jr., and Jenifer G. Kimbrough. Prior to his resignation, the Board had determined that Bruce F. Simberg was also independent pursuant to the Nasdaq Rules applicable to the Company.

The standing committees of the Board of Directors in 2014 were the Audit Committee, the Compensation Committee, the Nominating Committee, the Investment Committee and the Directors Compensation Committee. The Strategic Initiatives Committee was disbanded in July 2014. Charters for the Audit, Compensation and Nominating Committees are available upon the Company's website at www.FedNat.com. The charter of the Audit, Compensation and Nominating Committees is also available in print to any shareholder who requests it from our Corporate Secretary.

Audit Committee. As of December 31, 2014, the Audit Committee was composed of Jenifer G. Kimbrough, who served as the Chair, Richard W. Wilcox, Jr. and Carl Dorf. Each member was determined to be "independent" as defined under the Nasdaq Rules applicable to the Company and SEC rules for Audit Committee membership. Ms. Kimbrough was designated as a "financial expert" as that term is defined in the applicable rules and regulations of the Exchange Act. The Board determined that Ms. Kimbrough was a "financial expert" as defined in the applicable rules and regulations of the Exchange Act based on her understanding of GAAP and financial statements; her ability to assess the general application of GAAP in connection with the accounting for estimates, accruals and reserves; her experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; her understanding of internal controls and procedures for financial reporting; and her understanding of audit committee functions. The Audit Committee held five regular meetings in fiscal 2014.

Pursuant to its written charter, the duties and responsibilities of the Audit Committee include, but are not limited to, (a) the appointment of the independent certified public accountants and any termination of such engagement, (b) reviewing the plan and scope of independent audits, (c) reviewing significant accounting and reporting policies and operating controls, (d) having general responsibility for all related auditing and financial statement matters, and (e) reporting its recommendations and findings to the full Board of Directors. The Audit Committee pre-approves all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed by the independent accountants, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Audit Committee prior to the completion of the audit.

To ensure prompt handling of unexpected matters, the Audit Committee delegates to the Chair the authority to amend or modify the list of approved permissible non-audit services and fees. The Chair will report action taken to the Audit Committee at the next committee meeting. The Chief Financial Officer is responsible for tracking all independent auditor fees against the budget for such services and reports at least annually to the Audit Committee.

Compensation Committee. As of December 31, 2014, the Company's Compensation Committee was composed of Bruce F. Simberg (who resigned from the Board on March 4, 2015), Jenifer G. Kimbrough and Richard W. Wilcox, Jr. Each member is independent as defined by the Nasdaq Rules. The Compensation Committee performs the duties and responsibilities pursuant to its charter, which includes reviewing and approving the compensation of the Company's executive officers. During fiscal 2014, the Compensation Committee held four regular meetings, three special meetings and acted on one occasion by written consent.

Nominating Committee. As of December 31, 2014, the Company's Nominating Committee was composed of Bruce F. Simberg (who resigned from the Board on March 4, 2015), Jenifer G. Kimbrough, Carl Dorf, and Richard W. Wilcox, Jr. Each member is independent as defined by the Nasdaq Rules.