

UNITRIN, INC. CORPORATE GOVERNANCE GUIDELINES

The following guidelines have been approved by the Board of Directors and, along with the charters and key practices of the Board committees, provide the framework for the governance of Unitrin, Inc. (the “Company”).

SECTION I – COMPOSITION OF THE BOARD OF DIRECTORS

A. Size of Board

The Company’s Bylaws provide for a Board of Directors with three to twelve members. Within those limits, the number of directors shall be determined by resolution of the Board or by the shareholders at the annual meeting.

B. Selection of Board

The Board shall be elected annually by the Company’s shareholders, except as noted below with respect to vacancies. Each year at the Company’s annual meeting, the Board shall recommend a slate of directors for election by the shareholders, which slate shall be determined using advice and information from the Nominating & Corporate Governance Committee of the Board. Vacancies on the Board, including newly created directorships resulting from any increase in the authorized number of directors, may be filled only by a majority of the directors then in office, though less than a quorum, and directors so elected shall hold office only until the next annual meeting unless sooner displaced.

C. Board Membership Criteria

The Board shall have a majority of directors who meet the criteria for “independence” required by the New York Stock Exchange (“NYSE”) and applicable law. The Audit Committee, the Compensation Committee, and the Nominating & Corporate Governance Committee of the Board shall be comprised entirely of directors who meet such independence criteria. The Nominating & Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of individual Board members as well as the composition of the Board as a whole. This assessment will include consideration of members’ qualification as independent, members’ past performance as directors, and the current needs of the Company.

The Nominating & Corporate Governance Committee will evaluate potential nominees for director against the following standards:

- The highest ethical standards and integrity.
- Must be willing and able to devote sufficient time to the work of the Board.
- Must be willing and able to represent the interests of shareholders as a whole rather than those of special interest groups.
- No conflicts of interest that would interfere with performance as a director.
- A reputation for working constructively with others.
- A history of achievement at a high level in business or the professions that reflects superior standards.
- Possess qualities that contribute to the Board's diversity.

D. Orientation for New Directors and Continuing Education

All new non-employee directors shall participate in the Company's orientation program, which is conducted as soon as practicable after such directors are elected. This orientation will be conducted at the Company's headquarters and will include presentations by senior management to familiarize new directors with the Company's business, history, strategic plans, current circumstances, key issues and top managers. The Company shall also periodically provide materials or briefing sessions for all directors to ensure awareness of areas relevant to the Company's operations, including corporate governance, executive compensation and industry developments.

E. Service on Other Public-Company Boards

No director of the Company may simultaneously serve on more than four other public-company boards.

F. Directors with Significant Job Changes

Any director who retires from his or her present employment, or who materially changes his or her position, shall promptly provide the Chairman of the Nominating & Corporate Governance Committee with written notice thereof which includes an offer to resign from the Board. If the Chairman of the Nominating & Corporate Governance Committee so retires or changes employment positions, he or she shall provide the required notice to the Chairman of the Board. The Nominating & Corporate Governance Committee shall consider the change and its impact, if any, on the director's continuing service and value to the Board and shareholders and shall report its findings and recommendation to the Board. In determining whether to accept or decline the resignation offer, the Board shall consider the recommendation of the Nominating & Corporate Governance Committee and whether the director's continued service or resignation is appropriate and in the best interest of the Company and its shareholders.

SECTION II – RESPONSIBILITIES AND AUTHORITIES OF THE BOARD OF DIRECTORS

A. Basic Responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives, internal audit department, and its outside advisors and auditors. Board members have three key legal obligations to the Company and its shareholders: (a) the duty of care, which generally requires that Board members exercise appropriate diligence in making decisions and in overseeing management of the Company, (b) the duty of loyalty, which generally requires that Board members make decisions based on the best interests of the Company and its shareholders and without regard to personal interest, and (c) the duty of confidentiality, which requires that Board members keep all non-public information about the Company confidential until it is publicly disclosed.

B. Access to Officers and Employees

The directors shall have complete and direct access to officers and employees of the Company and its subsidiaries. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer ("CEO") or the Secretary or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a director and an officer or employee of the Company.

C. Access to Independent Advisors

The Board and any of its committees shall have the right at any time to retain and determine the engagement terms of independent outside financial, legal or other advisors, and to instruct the Company to pay the fees of such advisors.

D. Evaluation of Chief Executive Officer

The Compensation Committee of the Board shall conduct an annual evaluation of the CEO's performance, as set forth in its charter. The Board of Directors will review the Compensation Committee's conclusions in order to ensure that the CEO is providing the best leadership for the Company in the long- and short-term.

E. Succession Planning

The Board is responsible for assuring that the organizational strength and succession process is equal to the requirements of the long-range goals of the Company. Accordingly, the Board shall approve and maintain a succession plan for the CEO. In addition, the CEO shall report to the Board at least annually (and more frequently at the request of the Board) on the extent to which there are persons within the existing management ranks of the Company who have the skills, experience and other qualities deemed necessary to be considered as successors to the Company's existing President (if a different person than the CEO) and Vice Presidents.

Under the emergency succession provisions of the Company's Bylaws, the President shall perform the duties of CEO in the CEO's absence or disability, and the Vice Presidents (in the order determined by the Board) shall perform the duties of President in the President's absence or disability. In the event that the offices of CEO and President are held by the same person, the Vice Presidents (in the order determined by the Board) shall perform the duties of the CEO/President in such person's absence or disability.

F. Ratification of Independent Auditor

The Board shall submit the Audit Committee's appointment of the independent auditor to the shareholders for ratification at the annual meeting of shareholders. In the event that the appointment is not ratified, the Audit Committee shall consider whether the appointment of a different independent auditor would better serve the interests of the Company and its shareholders. Despite shareholder ratification, the Audit Committee may appoint a new independent auditor at any time if it determines in its sole discretion that such appointment is appropriate and in the best interest of the Company and its shareholders. A subsequent appointment between annual shareholder meetings shall not be subject to shareholder ratification except as otherwise required by the Board.

G. Board Interaction with Investors, the Media and Customers

The Board believes that it is primarily the responsibility of management to maintain open communications with shareholders, as well as employees and other constituencies, but the Board retains the right to deal directly with shareholders and any other constituency when appropriate.

H. Annual Assessment of Board's Performance

The Board shall conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating & Corporate Governance Committee

will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year.

SECTION III – MEETINGS OF THE BOARD OF DIRECTORS

A. Frequency of Board Meetings and Attendance

The Board of Directors meets regularly on previously determined dates and at least four times per year, and additional meetings may be called by the Chairman of the Board, the Chief Executive Officer or the President, or upon the written request of two directors. Directors are expected to prepare for and attend Board meetings and meetings of the committees on which they serve, and to spend the time needed to properly discharge their responsibilities. Except for executive sessions, the Secretary of the Company attends all meetings of the Board, and the Chairman or the Board may invite key members of senior management or other employees to attend meetings of the Board.

B. Agenda for Board Meetings

The Chairman of the Board, together with the Secretary of the Company, shall establish the agenda for each Board meeting. Board members may suggest additional items for inclusion on the agenda and may raise at any meeting subjects that are not on the agenda. During the fourth quarter of each year, the Chairman and the Secretary of the Company shall annually prepare a master agenda which sets forth a projected agenda of items to be considered by the Board at each of its regular meetings during the ensuing year.

C. Advance Distribution of Board Materials

The agenda for each Board meeting and significant materials to be reviewed at the meeting will be, whenever possible, forwarded to directors in advance of the meeting to ensure that the directors have an adequate opportunity to review those materials. The Board acknowledges that certain items to be discussed at Board meetings are of an extremely sensitive nature and that distribution of materials on these matters prior to Board meetings may not be appropriate.

D. Executive Sessions of Non-Employee Directors

The non-employee directors shall meet in executive session at each regularly scheduled meeting of the Board. At each such meeting, the executive session shall be divided into two segments: (i) the first segment shall take place at the beginning of the meeting and shall include all non-employee directors, and (ii) the second segment shall take place at the end of the meeting and shall include only those non-employee directors who have been determined by the Board to be independent.

SECTION IV – COMMITTEES OF THE BOARD OF DIRECTORS

A. Designation of Committees

The Board has the following standing committees: Audit, Compensation, Executive, Investment and Nominating & Corporate Governance. All of the members of the Audit, Compensation and Nominating & Corporate Governance committees will be “independent” directors under the criteria established by the NYSE and applicable law. Committee members will be appointed by the Board with consideration of the recommendations of the Nominating & Corporate Governance Committee and the desires of individual directors. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

B. Committee Charters

The Audit, Compensation, Investment and Nominating & Corporate Governance Committees shall each have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance.

C. Committee Meetings and Agendas

Generally, committees meet in conjunction with regular Board meetings. The chairperson of each committee, in consultation with the committee members and/or the Chairman of the Board, may schedule additional meetings when they deem it necessary or appropriate. Committee meetings may be as frequent and as long as needed. The chairperson of each committee, in consultation with the committee members and/or the Chairman and Secretary, will develop the committee’s agenda. During the fourth quarter of each year, each committee will establish a master agenda which sets forth a projected agenda of items to be considered by such committee at each of its regular meetings during the ensuing year. The master agenda for each committee will be furnished to all directors.

SECTION V - DIRECTOR COMPENSATION

A. Determining Compensation

The Compensation Committee shall evaluate on an annual basis whether the Company’s director compensation program is reasonable and competitive, considering all forms of compensation and the independence issues raised by excessive or inappropriate forms of compensation. In its review, the Compensation Committee shall consider how the Company’s director compensation practices compare with those of similar, public companies. The form and amount of director compensation will be determined by the Board with consideration of

the recommendation of the Compensation Committee. Directors who are also employees of the Company shall receive no additional compensation for service as directors.

B. Directors as Shareholders

Eligible directors receive stock options each year under the 1995 Non-Employee Director Stock Option Plan. Each non-employee director shall accumulate and retain common stock of the Company in accordance with the Director and Executive Officer Stock Ownership Policy adopted by the Board.

Revised: May 2010

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