

PENN TREATY AMERICAN CORPORATION
NOMINATING AND CORPORATE GOVERNANCE
COMMITTEE CHARTER

Purpose

The Nominating and Corporate Governance Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Penn Treaty American Corporation (the “Company”) to:

- identify individuals qualified to become Board members, consistent with the standards for director nominees approved by the Board, and to select, or to recommend that the Board select, the director nominees for the next annual meeting of shareholders;
- to develop and recommend to the Board a set of corporate governance principles applicable to the Company; and
- to oversee the evaluation of the Board and management.

Committee Membership

The Committee shall be comprised of at least three members.

Committee Member Qualifications

All members of the Committee shall meet the independence requirements as set forth under Section 303A of the New York Stock Exchange’s Listed Company Manual.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

Committee Structure and Operations

With Board approval, the Committee may form and delegate authority to subcommittees when appropriate, provided that the subcommittees are composed entirely of independent directors.

The Committee shall meet at such times as it determines to be necessary or appropriate, but not less than once a year. Committee meetings may be called by the Chair of the Committee. A majority of the members present in person or by telephone by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The Committee shall maintain minutes of its meeting and records relating to those meetings.

The Committee may adopt such other rules and procedures for the conduct of its affairs as it deems necessary or appropriate if not inconsistent with the Company's bylaws.

Committee Reporting to the Board

The Committee shall make regular reports to the Board.

Committee Authority and Responsibilities

- The Committee is authorized to engage independent counsel and other advisers, as it determines necessary to carry out its duties.
- The Company shall provide appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of compensation to any advisers employed by the Committee and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- The Committee shall actively seek individuals qualified to become board members, consistent with the standards for director nominees set forth in the Company's Corporate Governance Guidelines, for recommendation to the Board and may consult with the Chairman of the Board, the Chief Executive Officer and others inside and outside the Company.
- The Committee shall select, or recommend that the Board select, the director nominees for the each annual meeting of shareholders.
- The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other retention terms.
- The Committee shall receive comments from all directors and report annually to the Board with an assessment of the Board's performance, to be discussed with the full Board following the end of each fiscal year.
- The Committee shall report annually to the Board with an assessment of management's performance, to be discussed with the full Board following the end of each fiscal year.
- The Committee shall review the structure of board committees, recommend qualifications for membership on particular committees and recommend director candidates for membership on committees.
- The Committee shall review and reassess the adequacy of the Company's Corporate Governance Guidelines annually and when necessary or desirable, make recommendations to the Board of Directors (i) to ensure

its continued compliance with applicable law and (ii) to ensure that it meets or exceeds industry standards.

- The Committee shall administer both the Company's Code of Business Conduct and Ethics and Code of Ethics for the CEO and Senior Financial Executives (together, the "Codes"), as set forth in the Codes.
- The Committee shall review with appropriate Company personnel the actions taken to ensure compliance with the Company's Code of Business Conduct and Ethics by the Company's employees, agents and representatives and the results of confirmations and violations of such Code.
- The Committee shall monitor compliance of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer with the Company's Code of Ethics for the CEO and Senior Financial Executives.
- The Committee shall monitor compliance of directors with the Code of Business Conduct and Ethics.
- The Committee shall oversee management's establishment and maintenance of processes to assure compliance by the Company and its officers, directors, employees, agents and representatives with all applicable laws, regulations and Company policy.
- The Committee shall review the programs and policies of the Company designed to ensure compliance with applicable laws and regulations by the Company and its officers, directors, employees, agents and representatives and shall monitor the results of these compliance efforts.
- The Committee shall review the independence of the members of the Board and committees of the Board on a periodic basis (but at least annually), as well as any relationships directors may have with the Company and/or its subsidiaries or affiliates or otherwise that may reasonably create the appearance of non independence and, based on such review, make a recommendation to the Board, as to whether or not each Board member should be considered independent. Without limiting the information and factors that the Committee may review and consider, the Committee's review should be based upon applicable laws, rules and regulations concerning independence, including those of the Securities and Exchange Commission and of the New York Stock Exchange
- The Committee shall provide guidance to the Board regarding programs that will constitute new directors' orientation and directors' continuing education.

- The Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels.
- The Committee shall conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
- The Committee shall be responsible for creating an agenda for each year.
- The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

Annual Performance Evaluation

The Committee shall conduct an annual evaluation of its performance and powers and report and make recommendations to the Board.

Adopted by the Board of Directors on May 28, 2004