



AUDIT COMMITTEE CHARTER

INTRODUCTION

This Audit Committee Charter has been developed by Senior Management and approved by the Board of Directors (the "Board"). The charter defines the purpose, authority and responsibilities of the Audit Committee (the "Committee").

COMPOSITION

The Committee shall be composed of three (3) independent directors, one (1) of whom shall act as Chairman. Each member shall have an adequate understanding of the insurance industry and its practices and the Company's financial management systems.

AUTHORITY

The Committee has the authority to authorize inquiries and/or investigations of any matter within its scope of responsibility. The Board has mandated management and employees to cooperate fully with the Committee members.

The Committee is empowered to:

- Recommend the appointment of external auditors whose reports they will review.
- Recommend resolutions of any disagreements between management and the external auditor regarding financial reporting.
- Monitor the system of internal controls and corporate compliance with laws, regulations and code of ethics, specifically where they relate to mandate from the Office of the Insurance Commissioner.
- **Recommend the appointment of the Internal Audit Head and delegate its responsibilities on the appointment of other internal auditors.**
- Serve as direct channel of communication to the Board for the internal auditors, compliance officers, and the general counsel.
- Hire independent advisers when necessary.

MEETINGS

The Committee shall meet at least every quarter or more frequently as the circumstances require.

The Committee may invite members of management, external and/or internal auditors or others to attend meetings and provide pertinent information as necessary. Meeting agenda will be prepared and provided in advance and minutes of the meetings will be furnished all those present.

RESPONSIBILITIES

The Committee will review, at least, the annual financial statements and recommend their approval to the Board. The Committee will inform the Board if there were any changes in accounting policies and practices, significant adjustments arising from the audit, compliance with tax, legal and other regulatory requirements.

The Committee will perform oversight financial management to assist the Board. It will also monitor and evaluate the adequacy and effectiveness of the Company's internal control system.

The Committee will be furnished copies of all internal and external audit reports and will ensure that recommendations affecting the internal control system are adequately addressed by the Company's management.

The Committee will ensure that the internal auditors shall have free and full access to all the Company's records, properties and personnel relevant to the internal audit activity, and that the said activity should be free from interference thereby preserving the objectivity of the internal auditors.

The Committee will evaluate and determine justification for non-audit work by the external auditors and review the propriety of the non audit work fees.

REPORTING RESPONSIBILITIES

The Committee will periodically report to the Board about its activities, issues and related recommendations. The Committee will review any reports of the Company issues that relate to Committee responsibilities.

OTHER RESPONSIBILITIES

The Committee will perform other activities related to this charter as requested by the Board. The Committee will institute and oversee special investigations as needed.

REVIEW OF CHARTER

The Committee will periodically review this Charter and assess its adequacy. The Committee will recommend any proposed amendment to the Board for approval.