

FPIC INSURANCE GROUP, INC.

AUDIT COMMITTEE CHARTER, RESPONSIBILITIES AND GUIDELINES

There shall be a committee of the Board of Directors to be known as the Audit Committee. The Audit Committee shall be composed of no less than three directors who are independent of the management of the company and are free of any relationship that, in the opinion of the board of directors, would interfere with the exercise of independent judgment as a committee member. Without limiting the foregoing, each member:

- (1) must not have any relationship that disqualifies such person from being deemed independent under Nasdaq Rule 4200(a)(15), and
- (2) must qualify as independent under Rule 10A-3, as amended, of the Securities and Exchange Commission.

In addition, no member shall have participated in the preparation of the financial statements of the company or any current subsidiary at any time during the preceding three years. Each member must be able to read and understand fundamental financial statements, and at least one member must have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background which results in the individual's financial sophistication, as required by Nasdaq Rule 4350(d)(2)(A). No audit committee member may directly or indirectly receive any compensation from the company or any of its subsidiaries other than fees for serving on their boards of directors and their committees.

STATEMENT OF POLICY

The audit committee's purpose is to oversee the company's accounting and financial reporting processes and the audits of the company's financial statements.

The audit committee shall provide assistance to the corporate directors in fulfilling their responsibility to the shareholders, potential shareholders, and the investment community relating to corporate accounting, reporting practices of the company, and the quality and integrity of the financial reports of the company. In so doing, it is the responsibility of the audit committee to maintain free and open means of communication among the directors, the independent auditors, the internal auditor (when appointed), and the financial management of the company. However, it is not the responsibility of the audit committee to conduct audits or to determine that the company's financial statements fairly present the financial condition and results of operations of the company in accordance with generally accepted accounting principles.

RESPONSIBILITIES

The audit committee shall have direct responsibility for the appointment, compensation and oversight of the company's independent auditors, including resolving disagreements between management and the auditors regarding financial reporting. The independent auditors shall report directly to the audit committee. The audit committee shall pre-approve:

- (1) all audit services, and
- (2) all non-audit services by the outside auditors that are permitted by Section 201 of the Sarbanes-Oxley Act, except de minimus services not requiring such pre-approval under Section 202 of the Sarbanes-Oxley Act.

The audit committee shall establish procedures for the receipt, retention and handling of complaints received by the company regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of the company and its subsidiaries of concerns about questionable accounting or auditing matters.

The audit committee shall review and approve all related party transactions.

The audit committee shall review and reassess the adequacy of this charter annually.

In carrying out its responsibilities, the audit committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure that all corporate accounting and reporting practices of the company are in accordance with all applicable requirements and of the highest integrity.

In carrying out these responsibilities, the audit committee will:

- Review amongst itself and with senior management and select the independent auditors to audit the financial statements of the company and its divisions and subsidiaries.
- Ensure receipt from the independent auditors of a formal written statement delineating all relationships between the auditors and the company (consistent with Independence Standards Board Standard 1), actively engage in a dialog with the independent auditors regarding any disclosed relationships or services that may affect the objectivity and independence of the auditors, and take appropriate action to ensure the independence of the auditors.
- Meet with the independent auditors and financial management of the company to: (1) review the scope of the proposed audits for the current year and the audit procedures to be utilized, and (2) at the conclusion thereof, review such audits, including any comments or recommendations of the independent auditors.
- Review with the independent auditors, the company's internal auditor, once the position is established and filled, and financial and accounting personnel the adequacy and effectiveness of the accounting and financial controls of the company, and their compliance with all applicable standards and regulations. It should elicit any recommendations for the improvement of such internal control procedures or the particular area where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper. Further, the committee periodically should review company's policy and performance regarding internal control functions.

- Provide sufficient opportunity for the internal and independent auditors (together and/or separately) to meet with the members of the audit committee without the members of management present.
- Review with the CEO and the CFO, the accounting and financial human resources needs for the finance, control and internal audit functions, to permit them to perform all of their functions. It should also review with senior management, succession planning within these functions.
- Submit the minutes of all meetings of the audit committee to, or report on the matters discussed at each meeting with, the board of directors.
- Investigate any matter brought to its attention within the scope of its duties and recommend to the CEO and the full Board outside consultants or experts for dealing with it, if necessary.

AUTHORITY

The audit committee may engage independent counsel and other advisors to the extent it deems necessary to carry out its responsibilities. The audit committee is authorized to incur costs, which the company shall pay, (1) to compensate the independent auditors for the audit and permissible non-audit services authorized by the audit committee, (2) to compensate independent counsel and other advisors engaged by the audit committee, and (3) to pay ordinary administrative costs necessary or appropriate in carrying out the audit committee's responsibilities.

GUIDELINES

- Size and term of appointment:
 - 6 members
 - 3 years
 - staggered terms (2, 2, 2)
- Meetings should be held no less than 4 times per year. Additional meetings would be held for special occasions as they arise.

On a periodic basis, the committee should meet privately with [the internal auditor] and the independent auditor and independent actuary, at which times management of the Company will be excused from the meeting.

- Reporting to the Board of Directors. After each meeting
- Expand Knowledge of Company Operations: Learning process for audit committee members.
- Company Counsel: The committee should meet regularly with the company's general counsel (and outside counsel when appropriate), to discuss legal matters that may have a significant effect on the company's financial statements.

- Audit plans. Review with the internal and external auditors their annual audit plans prior to, and alter the completion of, each audit.
- Compliance Officer: The Compliance Officer, as required by the Company's Whistleblower Policy, shall report to the Audit Committee.
- Areas requiring special attention: The committee should instruct both the independent auditor and the internal auditor that it expects to be advised if there are any areas that require special attention or if they encounter any difficulty in securing access to appropriate management personnel or needed data.