

UNIVERSAL AMERICAN CORP.
CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Organization

This charter governs the operations of the Audit Committee of Universal American Corp. (the "Company"). The committee shall review and reassess the adequacy of the charter at least annually and recommend any changes to the Board of Directors (the "Board"). Changes to be considered include those that are necessary as a result of new laws and regulations.

The committee shall be appointed by the Board and shall be comprised of at least three (3) directors who are in good standing, independent and financially literate. No member may have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. The Board shall designate one member to serve as Chairman and shall have power and authority to fill any vacancy in the committee. No committee member may serve on the audit committees of more than three public companies.

Members of the committee must meet the independence requirements under Securities and Exchange Commission rules and regulations and the listing requirements of the New York Stock Exchange. To be "independent", a member of the committee must not be an officer or employee of the Company or any of its subsidiaries or have any relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board has the affirmative responsibility to determine that a director does not have any relationship that disqualifies him or her from being independent. In addition to any other relationship that disqualifies a director from being independent, a director will not be "independent," if:

- (a) The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer, of the Company;
- (b) The director has received, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof, provided that, unless the rules of the New York Stock Exchange provide otherwise, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service);
- (c) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- (d) (i) The director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (ii) the director is a current employee of such a firm; (iii) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (iv) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time;
- (e) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues;

- (f) The director is an affiliated person of the Company or any subsidiary thereof.
- (g) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee.

An "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. A person is "affiliated" with a specified other person or entity if the first person directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the specified other person or entity.

Each member of the committee must be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the committee. In addition, at least one member of the committee must have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment.

Purpose

The Audit Committee's purpose will be to:

- (a) assist the Board in its oversight of
 - (1) the integrity of the Company's financial statements,
 - (2) the Company's compliance with legal and regulatory requirements,
 - (3) the independent auditor's qualifications and independence, and
 - (4) the performance of the Company's internal audit function and independent auditors; and
- (b) prepare an Audit Committee report as required by the Securities and Exchange Commission to be included in the Company's annual proxy statement.

Statement of Policy

The Audit Committee will have the responsibility to assist the Board in fulfilling its responsibilities to the shareholders, potential shareholders, the investment community, and others relating to the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Company's financial statements, and the legal compliance and ethics programs as established by management and the Board.

In so doing, it is the responsibility of the committee to maintain free and open means of communication among the committee, directors, independent auditors, the internal auditors and financial management of the Company. In discharging its role, the committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company. The committee has the power to retain independent outside counsel, auditors or other advisors as it determines necessary to carry out its duties. The Company shall provide for appropriate funding, as determined by the committee, in its capacity as a committee of the Board, for payment of:

- (a) Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- (b) Compensation to any advisers employed by the committee as set forth above; and
- (c) Ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.

Meetings

The committee shall meet at least four times a year and each time the Company proposes to issue a press release with its quarterly or annual earnings information (these meetings may be combined with regularly scheduled meetings), or more frequently as circumstances may require. The Audit Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary. The agenda for each meeting shall be prepared by the Chairman of the Audit Committee and, whenever reasonably practical, circulated to each member prior to the date of the meeting. The committee shall keep minutes of its proceedings. The committee shall conduct executive sessions with the outside auditors, chief executive officer (“CEO”), chief financial officer (“CFO”), chief internal audit executive (“CAE”), general counsel, outside counsel, director of financial reporting, controller, and anyone else as desired by the committee. Following each meeting of the committee and whenever so requested by the Board, the committee shall report to the Board on the committee’s activities, findings and recommendations.

Responsibilities

The primary responsibility of the Audit Committee is to oversee the Company’s financial reporting process on behalf of the Board and report the results of their activities to the Board. Management is responsible for preparing the Company’s financial statements, and the independent auditors are responsible for auditing those financial statements. In carrying out its responsibilities, the committee shall establish and maintain flexible policies and procedures in order to best react to changing conditions and circumstances. The committee should take the appropriate actions to ensure that the Company’s corporate accounting and financial reporting are in accordance with all requirements and are of the highest quality.

The following shall be the principal recurring processes of the Audit Committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the committee may supplement them as appropriate or as the Board may request.

General

- The committee shall discuss with management, the internal auditors and the independent auditors the adequacy and effectiveness of the Company’s accounting and financial controls, including the Company’s systems to monitor the integrity of the Company’s financial reporting process, internal controls regarding finance and accounting compliance.
- The committee shall review the Company’s policies with respect to risk assessment and risk management, including the Company’s major financial risk exposures and the steps management has taken to monitor and control such exposures and review generally the Company’s processes of risk assessment and risk management.
- The committee shall inquire of the CEO and CFO regarding the quality of the Company’s earnings of from a subjective as well as an objective standpoint.
- The committee will provide a means of communication among the independent auditors, management and the Board.

- The committee will review and reassess the adequacy of the Audit Committee Charter at least annually, submit the charter to the Board for approval and have the document published at least every three years in accordance with SEC regulations.
- The committee shall review with management and the independent auditor the effect of any regulatory and accounting initiatives, as well as off-balance-sheet structures, if any.
- The committee shall review with management and the independent auditors the financial statements to be included in the Company's Annual Report on Form 10-K and the Company's Quarterly Report on Form 10-Q, including their judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements, and reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- The committee shall discuss the results of the quarterly review and any other matters required to be communicated to the committee by the independent auditors under generally accepted auditing standards. The chair of the committee may represent the entire committee for the purposes of this review with the prior consent of the other members.
- The committee shall review and approve all related party transactions involving directors or executive officers and review potential conflict of interest situations where appropriate.
- The committee shall periodically meet separately with management, with the internal auditors and the independent auditors, in the case of the independent auditors with and without management present, to discuss the results of their examinations and any other matters required to be communicated to the committee by the independent auditors under generally accepted auditing standards.
- The committee shall set clear hiring policies for employees or former employees of the independent auditors.

Independent Auditors

- The committee shall have a clear understanding with management, the Board and the independent auditors that the independent auditors are ultimately accountable to the Board and the Audit Committee, as representatives of the Company's shareholders.
- The committee, in its capacity as a committee of the Board, shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such registered public accounting firm must report directly to the audit committee.
- The committee will monitor the independence and performance of the Company's independent auditors.
- Annually, the committee shall discuss with the auditors their independence from management and the Company and the matters included in the written disclosures required by the Independence Standards Board.
- The committee shall ascertain that the lead (or concurring) audit partner from any public accounting firms performing audit services serves in that capacity for no more than five fiscal years of the Company. In addition, the committee shall ascertain that any partner other than the lead or concurring partner serves no more than seven years at the partner level on the Company's audit.
- Annually, the committee shall review and recommend to the Board the appointment of the Company's independent auditors, including the establishment of the audit fees and pre-approval of any non-audit services provided by the independent auditors, including tax services, before the services are rendered.
- The committee shall discuss with the independent auditors the overall scope and plans for their respective audits including the adequacy of staffing and compensation.

- The committee shall review with the independent auditors all critical accounting policies and practices used by the Company and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, the ramifications of each alternative, and the treatment preferred by the Company.
- The committee shall review all material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
- The committee shall review with management and the independent auditors the Company's annual financial statements and related footnotes, the independent auditors' audit of the financial statements and their report thereon, the independent auditors' judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in its financial reporting, any significant changes required in the independent auditors' audit plan, any audit problems or difficulties or disputes with management encountered during the audit and management's response thereto, and matters required to be discussed by Statement on Auditing Standards (SAS) No. 61, *Communication With Audit Committees* (AICPA, *Professional Standards*, vol. 1, AU sec. 380), as amended, related to the conduct of the audit.
- At least annually, the committee shall obtain and review a report by the independent auditor describing the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company.

Internal Audit Department

- The committee shall review the organizational structure and qualifications of the internal audit department ("IAD"), including reviewing the annual scope and plan of the IAD, the appointment and annual reviews of the senior IAD officer and summaries of findings prepared by the IAD together with management's responses.
- The committee shall review with the independent auditor, the controller of the Company, and the CAE, the audit scope and plan of the internal auditors and the independent auditors, and address the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
- The committee shall review with management and the CAE, the significant findings on internal audits during the year and management's responses thereto, any difficulties the IAD encountered in the course of its audits, including any restrictions on the scope of its work or access to required information, any changes required in the scope of its internal audit, the IAD budget and staffing, the IAD charter, the IAD's compliance with the Institute of Internal Auditors' (IIA's) Standards for the Professional Practice of Internal Auditing (Standards).

Legal Compliance

- On at least an annual basis, the committee will review with the Company's counsel any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with laws and regulations and inquiries received from regulators or governmental agencies.
- The committee shall periodically review the Company's code of conduct to ensure that it is adequate and up-to-date.
- The committee shall review with the CAE and the Company's general counsel the results of their review of the monitoring of compliance with the Company's code of conduct.

Other Audit Committee Responsibilities

- The committee shall consider, with management, the rationale for employing audit firms other than the principal independent auditors.
- The committee shall evaluate the independent auditors and the internal auditors.
- The committee shall conduct an annual performance evaluation of the committee.
- The committee shall establish and periodically review procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters that may be submitted by any party internal or external to the Company, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- The committee shall review any complaints that have been received, the current status, and the resolution if one has been reached.
- The committee shall annually prepare a report to shareholders as required by the Securities and Exchange Commission. The report shall be included in the Company's annual proxy statement.
- The committee shall perform any other activities consistent with this Charter, the Company's by-laws and governing law, as the committee or the Board deems necessary or appropriate.
- The committee shall review with management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the internal auditor or the independent auditors.
- The committee shall maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.
- The committee will review its effectiveness.