

UNIVERSAL AMERICAN CORP.
CORPORATE GOVERNANCE GUIDELINES

I. Introduction

The Board of Directors of Universal American Corp. (the “Company”), acting on the recommendation of its Nominating and Governance Committee, has developed and adopted a set of corporate governance guidelines (the “Guidelines”) to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions.

II. Board Composition

The composition of the Board should balance the following goals:

- The size of the Board should facilitate substantive discussions of the whole Board in which each director can participate meaningfully;
- The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the Company’s business; and
- A majority of the Board shall consist of directors who are neither officers nor employees of the Company or its subsidiaries, nor have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and who, at such times as the rules of the New York Stock Exchange require, are otherwise “independent” under such rules.

III. Selection of Chairman of the Board and Chief Executive Officer

The Board is free to select its Chairman and the Company’s Chief Executive Officer in the manner it considers in the best interests of the Company at any given point in time. These positions may be filled by one individual or by two different individuals.

IV. Selection of Directors

Nominations. A majority of the independent directors, upon recommendation of the Nominating and Governance Committee, is responsible for determining the slate of director nominees for election to the Company’s Board of Directors and for filling vacancies occurring between annual meetings of shareholders.

Criteria. A majority of the independent directors shall determine new nominees for the position of independent director who satisfy the requirements of the New York

Stock Exchange, including Sections 303A.01 and 303A.02 of the Listed Company Manual, and the following criteria:

- Personal qualities, characteristics, accomplishments and reputation in the business/insurance/healthcare community;
- Ability and willingness to commit adequate time to Board and committee matters;
- The fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Company; and
- Diversity of viewpoints, background, experience and other factors.

In addition, current knowledge and contacts in the communities in which the Company does business, in the healthcare and insurance industries or other industries relevant to the Company's business will be considered in assessing candidates for nomination to the Board.

Invitation. The invitation to join the Board should be extended by the Board itself via the Chairman of the Board and Chief Executive Officer of the Company, together with an independent director, when deemed appropriate.

Orientation and Continuing Education. Management, working with the Board, will provide an orientation process for new directors, including background material on the Company, its business plan and its risk profile, and meetings with senior management. Periodically, management should prepare additional educational sessions for directors on matters relevant to the Company, its business plan and risk profile.

V. Election Term

The Board does not believe it should establish term limits.

VI. Retirement of Directors

The Board does not believe it should establish a mandatory retirement age.

VII. Board Meetings

The Board currently plans at least five meetings each year, with further meetings to occur (or action to be taken by unanimous consent) at the discretion of the Board. The meetings will usually consist of committee meetings and the Board meeting.

The agenda for each Board meeting will be prepared by the Chief Executive Officer or the Corporate Secretary. Management will seek to provide to all directors an agenda and appropriate materials in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations

of the business and that in certain cases it may not be possible. Board members are expected to review any materials distributed a reasonable time prior to meetings.

Materials presented to the Board or its committees should be as concise as possible, while still providing the desired information needed for the directors to make an informed judgment.

VIII. Executive Sessions

To ensure free and open discussion and communication among the independent directors of the Board, the independent directors will have at least two regularly scheduled executive sessions each year, and more frequently as necessary or desirable, in conjunction with regularly scheduled meetings of the Board, at which only independent directors are present. The independent directors shall designate a director who will preside at the executive sessions.

IX. The Committees of the Board

1. The Company shall have at least the committees required by the rules of the New York Stock Exchange. The current committees of the Company are the Audit Committee, the Compensation Committee, the Nominating and Governance Committee, the Investment Committee and the Executive Committee.

2. All directors, whether members of a committee or not, are invited to make suggestions to a committee chair for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chair will give a periodic report of his or her committee's activities to the Board.

3. Each of the Nominating and Governance Committee, the Audit Committee and the Compensation Committee shall be composed of directors who are not officers or employees of the Company or its subsidiaries or any other individual having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and who are otherwise "independent" under the rules of the New York Stock Exchange. The required qualifications for the members of each committee shall be set out in the respective committees' charters. A director may serve on more than one committee for which he or she qualifies.

X. The Audit Committee

1. *Audit Committee Charter.* The Company must certify that it has adopted a formal written charter that contains the specific authority and responsibilities of the Audit Committee as set forth in Rule 10A-3(b)(2), (3), (4) and (5) of the Securities Exchange Act of 1934, as amended, and the rules of the New York Stock Exchange. The Company must certify that the Audit Committee has reviewed and reassessed the adequacy of the formal written charter on an annual basis.

2. *Composition.* The Audit Committee shall be composed of at least three directors each of whom is “independent” under the rules of the New York Stock Exchange. 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..

XI. Management Succession

At least annually, the Board shall review and concur on a succession plan, developed by management, addressing the policies and principles for selecting a successor to the Chief Executive Officer, both in an emergency situation, upon retirement and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the Chief Executive Officer.

XII. Executive Compensation

1. *Evaluating and Approving Compensation of the Chief Executive Officer.* The Compensation Committee evaluates the performance of the Chief Executive Officer and the Company against the Company’s goals and objectives, and determines and approves the compensation of the Chief Executive Officer.

2. *Evaluating and Approving the Compensation of Management.* The Compensation Committee evaluates, determines and approves the proposals for overall compensation policies applicable to, and compensation for, all Company officers holding the title of Vice President or a more senior title. The Chief Executive Officer may be present during such deliberations, but may not vote.

XIII. Board Compensation

The Compensation Committee should conduct a review annually of the components and amount of Board compensation in relation to other similarly situated companies. Board compensation should be consistent with market practices but should not be set at a level that would call into question the Board’s objectivity.

XIV. Expectations of Directors

The business and affairs of the Company shall be managed by or under the direction of the Board in accordance with New York law. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Company. The Board has developed a number of specific expectations of directors to promote the discharge of this responsibility and the efficient conduct of the Board’s business.

1. *Commitment and Attendance.* All directors should make every effort to attend meetings of the Board and meetings of committees of which they are members. Members may attend by telephone to mitigate conflicts.

2. *Participation in Meetings.* Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

3. *Loyalty and Ethics.* In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any personal interests possessed by a director.

The Company has adopted a Code of Business Conduct and Ethics. Certain portions of the Code deal with activities of directors, particularly with respect to transactions in the securities of the Company, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with the Company. Directors should be familiar with the Code's provisions in these areas and should consult with the Company's General Counsel in the event of any issues.

4. *Other Directorships.* The Company values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability and may present conflicts or legal issues. Directors should advise the Chair of the Nominating and Governance Committee, the Chief Executive Officer and the General Counsel before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses or governmental units.

5. *Contact with Management.* All directors are invited to contact the Chief Executive Officer at any time to discuss any aspect of the Company's business. Directors also have complete access to other members of management. The Board expects that there will be frequent opportunities for directors to meet with the Chief Executive Officer and other members of management in Board and committee meetings and in other formal or informal settings.

Further, the Board encourages management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

6. *Contact with Other Constituencies.* It is important that the Company speak to employees and outside constituencies with a single voice, and that management serve as the primary spokesperson.

7. *Confidentiality.* The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

XV. Evaluating Board Performance

The Board, acting through the leadership of the Nominating and Governance Committee, should conduct a self-evaluation at least annually to determine whether it is functioning effectively. The Nominating and Governance Committee should periodically consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively.

Each committee of the Board should conduct a self-evaluation at least annually and report the results to the Board. Each committee's evaluation must compare the performance of the committee with the requirements of its written charter, if any.

XVI. Reliance on Management and Outside Advice

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to retain and approve the fees and retention terms of its outside advisors.

XVII. Charitable Contributions

No charitable contribution shall be made by or on behalf of the Company without the prior approval of the Board if such contribution (i) is for an amount exceeding \$10,000 (or if combined with other contributions in the same calendar year would result in an aggregate contribution to a single or related entity in excess of \$10,000), or (ii) if in excess of \$500, is made to any entity affiliated with any of the Company's directors, officers or any other member of the Company's management. Any proposal for a charitable contribution that would require the prior approval of the Board shall be accompanied by a report containing a full and accurate summary of the contribution, including the amount and uses of funds and the nature of any relationships existing between the recipient and any officers, directors or other management of the Company.

XVIII. Political Contributions

No political contributions may be made by or on behalf of the Company without prior approval of the Board and the Company's Chief Ethics Officer.

XIX. Consulting Agreements

No consulting arrangement shall be entered into by or on behalf of the Company unless evidenced in writing. No consulting arrangement shall be entered into by or on behalf of the Company without the prior approval of the Board (i) if such arrangement contemplates consideration in excess of \$25,000 (or if combined with any such arrangements entered into with the same party in the same calendar year would contemplate an aggregate consideration in excess of \$25,000), unless such arrangement results from a competitive bid process, or (ii) regardless of amount, is entered into with any of the Company's directors, officers or any other member of the Company's management or any entity with which any such person is affiliated; and that any proposal for a consulting arrangement that would require the prior approval of the Board shall be accompanied by a report containing a full and accurate summary of the arrangement, including the amount of consideration contemplated and the nature of any relationships existing between the counterparty and any officers, directors or other management of the Company or any entity with which any such person is affiliated.