

## **AUDIT COMMITTEE CHARTER**

### **Purpose of Committee**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of AssuranceAmerica Corporation (the “Company”) is to (a) assist the Board in overseeing (i) the Company’s accounting and financial reporting practices and policies and internal controls and procedures; (ii) the integrity of the Company’s financial statements and the independent audit; (iii) the Company’s compliance with legal and regulatory requirements including, but not limited, to the Company’s Compliance Program and Standards of Business Conduct; (iv) the performance of the independent auditors (“Auditor”) and the Company’s internal audit function, if any; and (v) the Auditors’ qualifications and independence; and (b) if required, prepare an annual report for inclusion in the Company’s proxy statement, in accordance with the rules of the Securities and Exchange Commission (the “SEC”).

### **Committee Membership**

The Committee shall consist of two or more members of the Board, each person of whom the Board has determined has no material relationship with the Company and each of whom is otherwise “independent” under the rules of any exchange where the Company’s securities are traded (the “Exchange”) and the SEC. Each member shall be “financially liberate” or shall become financially literate within a reasonable period of time after appointment to the Committee. At least one member of the Committee shall be an “audit committee financial expert” as defined by the rules of the SEC. No director may serve as a member of the Committee if such director serves on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee and discloses this determination in the Company’s annual proxy statement.

Members shall be appointed by the Board and shall serve at the pleasure of the Board for such terms the Board may determine.

### **Committee Structure and Operations**

The Board shall designate one member of the Committee as its chairperson. The Committee shall meet in person or telephonically at least four times a year at a time and place determined by the Committee chairperson, with future meetings to occur, or actions taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. The Committee shall meet separately at least annually with management. The head of the internal auditing department and the Auditors to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately. The Committee may request any executive officer or employee of the Company, the Company’s outside counsel or Auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

## **Committee Duties and Responsibilities**

To Carry out its purposes, the Committee shall have the following duties and responsibilities:

With respect to the Auditors:

1. To have the sole authority to appoint, compensate, evaluate, retain, terminate and replace the Auditors including pre-approval of all audit services permitted no-audit services (including fees and terms) to be performed for the Company by the Auditors consistent with the requirements of the SEC, EXCHANGE, other controlling authority or any stricter standards as may be adopted by the Committee;
2. To establish hiring policies for employees or former employees of the Auditors; and
3. To obtain and review annually a formal written statement of: (a) the Auditors' internal quality-control procedural any material uses raised by the most recent internal quality-control review, or peer review, of the Auditors, or by any inquiry or investigation by government or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Auditors, and any steps taken to deal with any such issues; (b) the independence, and to discuss with the Auditors any relationships or services disclosed in this statement that may impact the quality of audit services or the objectivity and independence of the Company's Auditors including (i) the review and evaluation of the qualifications, performance and independence of the lead partner and the reviewing partner; (c) the fees billed for each of the following categories of services rendered by the Auditors: (i) Audit Fees; (ii) Audit-Related Fees; (iii) Tax Fees; and (iv) All Other Fees as such terms are defined pursuant to the Item 9 of Schedule 14A; and (d) all (i) critical accounting policies and practices to be used; (ii) alternative treatments of financial information within accounting principles generally accepted in the United States that have been discussed with management, ramifications of the use of the alternate disclosures and treatments and the treatment preferred by the Auditors; and (iii) other material written communications with management.

With respect to the internal auditing department:

1. To review the appointment, promotion, or dismissal of the head of the internal audit department;
2. To review the significant reports to management prepared by the internal auditing department and management's responses thereto; and
3. To review and approve the master audit plan, including risk assessment and the discussion with Auditors and management of the responsibilities, budget and staffing of the audit function.

With respect to financial reporting practices and policies and internal controls and procedures:

1. To advise management, the internal auditing department and the Auditors that they are expected to provide the Committee with a timely analysis of significant financial reporting issues and practices or changes in such practices;
2. To receive and consider any reports or communications submitted to the Committee by the Auditors required by auditing standards generally accepted in the United States;

3. To review and discuss (i) the annual audited financial statements and the quarterly interim un-audited financial statements including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" prior to the filing of the Form 10-K or Form 10-Q with the SEC, (ii) any significant matters arising from any audit, including any audit problems or difficulties, any restrictions on their activities or access to requested information and any significant disagreements with management relating to the Company's financial statements and management's response;
4. To review and discuss (i) guidelines and policies governing the process by which management of the Company and the relevant departments of the Company assess and manage the Company's exposure to risk, (ii) to discuss the Company's major financial risk exposures and (iii) to understand the steps management has taken to monitor and control such exposures;
5. To review and discuss with management the earnings press releases including the use of non-GAAP financial measures as well as the types of financial information and earnings guidance provided, and the types of presentations made, to analysts and rating agencies; and
6. To establish procedures for the receipt, retention and treatment of complaints received by the Company from employees regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of controls regarding questionable accounting or auditing matters.

With respect to reporting and recommendations:

1. To prepare a report, including any recommendations of the Committee, required by the rules of the SEC to be included in the Company's annual proxy statement;
2. To prepare and issue the evaluation required under "Performance Evaluation" below; and
3. To regularly report on its activities on its activities to the Board and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate. The report to the Board may take the form of a verbal report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

With respect to compliance matters:

1. To review with appropriate Company personnel the actions taken to ensure compliance with the Company's Code of Business Conduct; and
2. To review the programs and practices of the Company designed to ensure compliance with applicable laws and regulations and to monitor the results of these compliance efforts.

With respect to other matters:

1. To perform any other duties responsibilities expressly delegated to the Committee by the Board from time to time.

### **Delegation to Subcommittee**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

**Performance Evaluation**

The Committee shall produce and provide to the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation shall also recommend any improvements to the Committee's Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be constructed in such a manner as the Committee deems appropriate.

**Resources and Authority**

The Committee shall have the resources as determined by the Committee and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel, accountants or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. The Committee shall have full access to all books, records, facilities and personnel of the Company.