



GERMANIA FARM MUTUAL INSURANCE ASSOCIATION AND SUBSIDIARIES

AUDIT COMMITTEE CHARTER

Purpose:

The purpose of the Germania Audit Committee (the “Committee”) is to assist the Germania Farm Mutual Insurance Association (“GFMIA”) Board of Directors in discharging its responsibilities related to assisting the GFMIA Board and its subsidiary company boards (collectively referred to as the “Boards of Directors”) in fulfilling oversight responsibility related to financial audits. GFMIA and its subsidiary companies are collectively referred to herein as the “Germania Companies.” The Committee will ensure these responsibilities are fulfilled by overseeing the following items for the Germania Companies: the accounting and financial processes, the audits of financial statements, and their effective management. Further, the Committee should meet its responsibilities through meetings with the independent accountant, internal auditor, and management. It is not expected that the Committee or individual members will perform audit procedures.

Specific Duties and Responsibilities:

1. Provide an open avenue of communication among the internal auditor, the independent accountant, and the Board of Directors.
2. Appoint, approve compensation, and provide oversight of independent accountant in accordance with 28 TAC §7.88(k)(6).
3. Approve in advance all auditing and non-auditing services that the independent accountant provides in accordance with 28 TAC §7.88.
4. Review with management any replacement, reassignment, or dismissal of the internal auditor.
5. Oversee the functions of the internal auditor:
 - a. Approve the Internal Audit Charter.
 - b. Approve the risk-based internal audit plan.
 - c. Receive communications from the internal auditor on the internal audit function’s performance relative to its risk-based plan and other matters.
6. Confirm and assure the independence of the internal auditor and the independent accountant.
7. Consider in consultation with the independent accountant and the internal auditor the audit scope and plan of the internal auditor and the independent accountant.
8. Review with the internal auditor and the independent accountant the coordination of the audit effort to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
9. Consider and review with the independent accountant and the internal auditor:
 - a. The adequacy of the internal controls, including computerized information system controls and security.
 - b. Any related significant findings and recommendations of the independent accountant and internal auditor together with management’s responses thereto.
10. Review with management and the independent accountant at the completion of the annual examination:
 - a. The annual financial statements and related footnotes.

- b. The independent accountant’s audit of the financial statements and his or her report thereon.
 - c. Any significant changes required in the independent accountant’s audit plan.
 - d. Any serious difficulties or disputes with management encountered during the audit.
 - e. Any significant accounting policies and material permitted practices.
 - f. Any material alternative treatments of financial information in statutory accounting principles that have been discussed with management.
 - g. Any ramifications of the use of the alternative disclosures and treatments, if applicable, the treatment preferred by the independent accountant.
 - h. Other matters related to the conduct of the audit, which are to be communicated to the Committee in accordance with requirements of the Statement on Auditing Standards No. 114 and generally accepted auditing standards.
11. Consider and review with the independent accountant and the internal auditor:
 - a. Significant findings during the year and management’s responses thereto.
 - b. Any difficulties encountered during their audits, including any restrictions on the scope of their work or access to required information.
 - c. Any changes required in the planned scope of their audit plan.
 12. Review legal and regulatory matters that may have a material impact (including but not limited to the Model Audit Rule and Own Risk and Solvency Assessment) on the financial statements, related company compliance policies, and programs and reports received from regulators.
 13. The Committee will notify the GFMIA Risk Committee Chairperson of any financial information it becomes aware of which could potentially impact any risk under the purview of the GFMIA Risk Committee.
 14. At least annually, meet with the internal auditor, the independent accountant, and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.
 15. Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.
 16. Determine bond coverage is in existence and meets the requirements of the GFMIA Constitution.
 17. Review the Committee Charter annually and provide any suggested amendments to the Board for consideration and approval.
 18. Review litigation update semi-annually.
 19. Review Germania Hotline update annually.
 20. Discuss with management specific topics requested by the Committee members.
 21. Review the results of any regulatory examinations.
 22. Review the Appointed Actuary’s report on the items within the scope of the Germania Life Insurance Company’s Actuarial Opinion.
 23. Perform any other activities consistent with this Charter and any other duties the Committee deems appropriate given the intent of this Charter.

Committee Structure, Members, Term and Meeting Procedures:

1. The membership of the Committee will consist of not less than three (3) GFMIA Directors.
2. The GFMIA Board Chairperson will provide a recommendation of Committee membership to the GFMIA Board for full approval.

3. At its first meeting following the appointment of the Committee members, the Committee shall select a Chairperson from among its members.
4. The term for each Committee member shall be for two (2) years, which may be adjusted as necessary to comply with the Model Audit Rule as set forth in Title 28 of the Texas Administrative Code, Section 7.88(k) as currently written or as hereafter amended. Committee members may serve consecutive terms.
5. If any member of the Committee ceases to be a member of the GFMIA Board, then such Committee member's term on the Committee shall terminate as of the date of termination from the GFMIA Board.
6. A Committee member's term on the Committee may be modified at any time by the GFMIA Board Chairperson providing a recommendation to the GFMIA Board for approval.
7. Meetings of the Committee shall be held a minimum of four (4) times per year and at such other times as needed. To have a quorum present, a majority of the voting members must be present at the meeting. Action shall be taken where approved by the affirmative vote of a majority of the voting members in attendance at any meeting where a quorum is present. A meeting of the Committee may be conducted by means of telephonic conference or electronic means wherein all persons participating can hear each other or otherwise participate. Participation in a meeting held pursuant to this paragraph shall constitute presence in person at such meeting.
8. The Committee may ask members of management or others to attend meetings and provide pertinent information.
9. The Committee may utilize such professionals and/or individuals (including, but not limited to, consultants) from time to time as the Committee deems necessary.
10. The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the GFMIA Board.

Decision Making:

Except for the duties specified herein where the Committee is granted exclusive decision-making authority, the Committee will present recommendations, assessments, and any amendments to this Committee Charter to the GFMIA Board of Directors (and any GFMIA subsidiary board as necessary) for final approval.