

PALOMAR HOLDINGS, INC.

AUDIT AND NON-AUDIT SERVICES COMPLIANCE POLICY

1. Overview. The Audit Committee of the Board of Directors (the “*Audit Committee*”) of Palomar Holdings, Inc. (the “*Company*”) is responsible for the appointment, compensation and oversight of the work of the Company’s independent auditor. As part of this responsibility, under the Sarbanes-Oxley Act of 2002 (the “*Act*”), the Audit Committee is required to pre-approve the audit and permissible non-audit services performed by the independent auditor in order to monitor the auditor's independence from the Company. To implement these provisions of the Act, the Securities and Exchange Commission (the “*SEC*”) has issued rules specifying the types of services that an independent auditor may not provide to its audit client, as well as the Audit Committee's administration of the engagement of the independent auditor. Accordingly, the Audit Committee has adopted this Audit and Non-Audit Services Compliance Policy (the “*Policy*”), which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the Company’s independent auditor must be pre-approved by the Audit Committee.

This document describes the applicable legal requirements and provides guidance on compliance with the Act. It should be read in conjunction with the Code of Business Conduct and other relevant Company policies.

As set forth in this document, unless a service is a pre-approved service set forth in one of the appendices to this Policy and is within the established cost guidelines set forth opposite the pre-approved service on such appendices, it will require approval by the Audit Committee in order for it to be provided by the independent auditor. In addition, any engagement of the independent auditor to provide internal control-related services must be pre-approved by the Audit Committee at the time it is proposed and may not be pre-approved pursuant to this Policy. For pre-approval of non-audit services pursuant to this Policy, the Audit Committee will consider whether such services are consistent with the SEC’s rules on auditor independence. The Audit Committee will also consider whether the independent auditor is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Company's business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance the Company’s ability to manage or control risk or improve audit quality. All such factors will be considered as a whole, and no one factor should necessarily be determinative.

The appendices to this Policy describe the Audit (Appendix A), Audit-Related (Appendix B), Tax (Appendix C) and All Other Services (Appendix D) (as defined by the SEC proxy disclosure requirements) that have the pre-approval of the Audit Committee. The Audit Committee may periodically revise the list of pre-approved services from time to time,

based on subsequent determinations.

The Audit Committee will not delegate its responsibilities to pre-approve services performed by the independent auditor to management. The independent auditor has reviewed this Policy and believes that implementation of this Policy will not adversely affect the auditor's independence with respect to the Company.

2. Delegation. As provided in the Act and the SEC's rules, the Audit Committee has delegated pre-approval authority to the Chair of the Audit Committee for projects up to the respective amounts in appendices A, B, C and D to this Policy. Projects equal to or exceeding these amounts require full Audit Committee pre-approval. The Chair of the Audit Committee will report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

3. Audit Services. The annual Audit Services engagement terms and fees will be subject to the pre-approval of the Audit Committee. Audit Services include the annual financial statement audit (including required quarterly reviews) and other procedures required to be performed by the independent auditor to be able to form an opinion on the Company's consolidated financial statements and, if applicable, the opinion requirements under the Act. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit or quarterly review. Audit Services also include the attestation engagement for the independent auditor's report on management's report on internal control over financial reporting if applicable. The Audit Committee will monitor the provision of services pursuant to the Audit Services engagement as necessary, but no less than on a quarterly basis, and will also approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Company structure or other items.

In addition to the annual Audit Services engagement approved by the Audit Committee, the Audit Committee may pre-approve other Audit Services, which are those services that only the independent auditor reasonably can provide. Other Audit Services may include statutory audits or financial audits for the Company's subsidiaries or affiliates and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings or transactions.

The Audit Committee has pre-approved the Audit Services in Appendix A to this Policy. Engagements to provide Audit Services not listed in Appendix A to this Policy must be pre-approved by the Audit Committee.

4. Audit-Related Services. Audit-Related Services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and/or internal control over financial reporting and that are traditionally performed by the independent auditor. Because the Audit Committee believes that the provision of Audit-Related Services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence, the Audit Committee may pre-approve Audit-Related Services. Audit-Related Services include, among others, due

diligence services pertaining to potential business acquisitions/dispositions; accounting consultations related to accounting, financial reporting, or disclosure matters not classified as “Audit Services;” assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; financial audits of employee benefit plans; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial accounting or regulatory reporting matters; and assistance with internal control reporting requirements.

The Audit Committee has pre-approved the Audit-Related Services in Appendix B to this Policy. Engagements to provide Audit-Related Services not listed in Appendix B to this Policy must be pre-approved by the Audit Committee.

5. Tax Services. The Audit Committee believes that the independent auditor can provide Tax Services to the Company such as tax compliance, tax planning and tax advice without impairing the auditor's independence, and the SEC has stated that the independent auditor may provide such services. However, the Audit Committee shall review carefully the retention of the independent auditor or other tax advisor in connection with any tax-related services initially recommended by the independent auditor or other tax advisor.

Pursuant to the preceding paragraph, the Audit Committee has pre-approved the Tax Services in Appendix C. Engagements to provide Tax Services not listed in Appendix C must be pre-approved by the Audit Committee. The Audit Committee does not permit the independent auditor to provide Tax Services to any executive officer or member of management who has a financial reporting oversight role or any of their immediate family members.

6. All Other Services. The Audit Committee believes, based on the SEC’s rules prohibiting specific non-audit services, that other types of non-audit services are not prohibited so long as they would not impair the independence of the auditor. Accordingly, the Audit Committee may pre-approve those permissible non-audit services classified as All Other Services that it believes are routine and recurring services, would not impair the independence of the auditor and are consistent with the SEC’s rules on auditor independence.

The Audit Committee has not pre-approved any services classified as All Other Services in Appendix D to this Policy. Engagements to provide permissible All Other Services must be pre-approved by the Audit Committee.

A list of the SEC’s prohibited non-audit services is contained within this Policy as Appendix E. The SEC’s rules and relevant guidance should be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of the prohibitions.

7. Pre-Approval Fee Levels. Pre-approval fee levels for all services to be provided by the independent auditor will be established annually by the Audit Committee and will be set forth in the appendices to this Policy. Any proposed services exceeding these levels will require pre-approval by the Audit Committee.

The Audit Committee is mindful of the overall relationship of fees for audit and non-

audit services in determining whether to pre-approve any such services. The Audit Committee has determined that the appropriate relationship is that All Other Fees, as defined below, shall not exceed the sum of Audit Fees plus Audit-Related Fees plus Tax Fees for a fiscal year. As used in this section of this Policy, definitions for these terms are as follows:

(a) Audit Fees* includes statutory audits, comfort letters, attest services, consents, and review of filings with the SEC.

(b) Audit-Related Fees* includes employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews and consultation on financial accounting and reporting standards.

(c) Tax Fees* includes preparation of original and amended tax returns, claims for refund and tax payment planning services.

(d) All Other Fees* includes IT consulting (subject to the prohibitions listed in this Policy), other tax advice, tax consultation, and tax planning services outside of the scope of tax compliance and preparation; and any other fees paid to the independent auditor for services performed beyond those defined above.

In the event that the actual expenditure for a pre-approved project at some point in its execution is anticipated to exceed the pre-approved cost level as set forth in the appendices to this Policy, the incremental amount is subject to the pre-approval requirements of this Policy. The Audit Committee expects that any requests to pay invoices materially in excess of the estimated amounts will include an explanation as to the reason for the overage.

8. Procedures. In addition to the Company's management approval process, all requests for services to be provided by the independent auditor will be submitted to the Compliance Officer and must include a detailed description of the services to be rendered. The Audit Committee considers it prudent for the Compliance Officer to evaluate, among other things, the independence requirements and to approve the engagement of the independent auditor to perform any of the pre-approved services. If there is any question as to whether a requested service is a pre-approved service set forth in the appendices to this Policy, management will consult the Chair of the Audit Committee for clarification and, if necessary, pre-approval. Requests for services that have not been pre-approved will be submitted to the Chair of the Audit Committee and must include an affirmation by the Controller and the independent auditor that the services are consistent with the SEC's and the Public Accounting Oversight Board's rules on auditor independence. Management will provide a quarterly report to the Audit Committee listing new projects approved by the Audit Committee since the last Audit Committee meeting or services initiated that are set forth in one of the appendices to this Policy, and listing services performed by and fees paid to the independent auditor during the current fiscal year to date and the previous quarter. For the annual Audit Committee meeting at which the Company's audited year-end financial

* These definitions are intended to track those in Item 14 of Form 10-K.

statements are discussed, a summary will be prepared by management of all non-Audit Fees approved during the fiscal year then ended in support of information to be disclosed in the annual meeting proxy statement regarding fees paid to the Company's independent auditor.

The Audit Committee has designated the Compliance Officer to monitor the performance of all services provided by the independent auditor and to determine whether such services are in compliance with this Policy. The Compliance Officer will report to the Audit Committee on a periodic basis on the results of its monitoring. Both the Compliance Officer and management will immediately report to the Audit Committee Chairman any breach of this Policy that comes to the attention of the Compliance Officer or any member of management.

Appendix A

Pre-Approved Audit Services

Services	Range of Fees
<p>Statutory audits, financial audits or reviews for subsidiaries or affiliates of the Company. The independent auditor will audit or review the local accounting records and financial statements of foreign subsidiaries in accordance with local statutory laws. The accounting books and records will be prepared by the Company's foreign subsidiary or affiliate. These services will be performed by the independent auditor's foreign offices located in the applicable jurisdiction or country.</p>	<p>Beyond those pre-approved in connection with the annual Audit Services engagement, up to \$100,000 per audit</p>
<p>Services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings (e.g., comfort letters and consents), and assistance in responding to SEC comment letters. These services include preparation of required independent auditor consents, subsequent event reviews, review of submitted documents, comfort letter procedures (including preparation of comfort letters), National Office consultation and other matters necessary in association with SEC registration statements and submitted documents. Such services may also consist of advising the Company on SEC matters, consultations with the independent auditor's National Office, coordination with other offices as necessary, and assistance in preparing or reviewing Company responses to the SEC.</p>	<p>Up to \$100,000 per engagement</p>

Services	Range of Fees
<p>Consultations by the Company's management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB or other regulatory or standard setting bodies. Such services will include research and consultation of engagement team members and National Office personnel as deemed necessary or required. (Note: Under SEC rules, some consultations may be "Audit-Related" services rather than "Audit" services).</p>	<p>Up to \$25,000 per engagement</p>

Appendix B

Pre-Approved Audit-Related Services

Services	Range of Fees
<p>Due diligence services pertaining to potential business acquisitions/dispositions. Typical due diligence services consist of the independent auditor's associates assisting the Company in performing financial statement due diligence procedures on the target company. The audit plan and scope is generally prepared or approved by the Chief Financial Officer. In addition to financial statement due diligence, the independent auditor may perform services that include assistance in performing FCPA reviews in the foreign offices of the target company, engaging specialists to assure regulatory compliance in certain matters related to the target company, or performing forensic type audit procedures on the target company. In performing such services, the independent auditor may utilize a specialist in other offices of the U.S. or may engage personnel from foreign offices. The independent auditor may also be asked to assist in performing tax due diligence, in which case their tax personnel (including personnel based in foreign offices) would be asked to participate, if necessary.</p>	<p>Up to \$50,000 per engagement</p>
<p>Financial statement audits of the employee benefit plans sponsored by the Company or its subsidiaries that are required to be audited in accordance with the Department of Labor's Rules and Regulations for Reporting and Disclosure, and are attached to each plan's and the group trust's annual Form 5500 filing. In addition, financial statement audits required in connection with SEC filings relating to employee benefit plans.</p>	<p>Up to \$50,000 per engagement</p>

Services	Range of Fees
<p>Agreed-upon or expanded audit procedures related to accounting records required responding to, or complying with, financial, accounting or regulatory reporting matters. Such procedures may include debt compliance letters or other matters. The independent auditor will perform the required agreed-upon procedures which would specifically be agreed to by the parties requesting the procedures.</p>	<p>Up to \$20,000 per engagement</p>
<p>Consultations by the Company's management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB or other regulatory or standard-setting bodies. Such services will include research and consultation of engagement team members and National Office personnel as deemed necessary or required. (Note: Under SEC rules, some consultations may be "Audit" services rather than "Audit-Related" services).</p>	<p>Up to \$20,000 per engagement</p>
<p>Closing balance sheet audits (as directed by the Chief Financial Officer) pertaining to dispositions. The independent auditor will perform audit procedures related to the closing balance sheet in conformity with GAAP in the U.S. In addition to audit procedures, such procedures may include preparation of financial statements and consultation or advisory services on carve-out matters, disclosures and impact on the Company's consolidated financial statements.</p>	<p>Up to \$50,000 per engagement</p>
<p>General assistance with implementation of the requirements of SEC rules or stock exchange listing standards promulgated pursuant to the Sarbanes Oxley Act of 2002 Act (the "<i>Act</i>"). Such services may include consultation or advisory services on the Company's approach to implementation related to the Act.</p>	<p>Up to \$20,000 per engagement</p>

Appendix C

Pre-Approved Tax Services

Services	Range of Fees
<p>Professional advice, analysis and calculations determined by the Company to be necessary for proper consideration of proposed mergers, acquisitions or divestitures. Due diligence related to the Company's consideration of mergers and acquisitions. The independent auditor may utilize the National Office or international personnel to assist in such services.</p>	Up to \$50,000 per engagement
<p>International tax compliance and advice. The tax service provider will utilize tax personnel in foreign offices, as requested to assist in complying with local tax compliance laws. Such procedures will include filing of appropriate forms and schedules as necessary to reflect complete and accurate returns based on the income subject to tax in the foreign jurisdiction or country, including requests to extend the due date of such returns. The tax service provider will rely on information prepared by the Company and will validate information presented based on their professional determination of the effort necessary.</p>	Up to \$25,000 per engagement
<p>Tax advice and assistance regarding statutory, regulatory or administrative developments. The tax service provider may utilize tax personnel in foreign offices, as requested, to provide advice on compliance with local tax laws. Such procedures would consist of advising on developments in local laws and best practices for compliance.</p>	Up to \$25,000 per engagement
<p>U.S. federal, state and local tax planning, advice and compliance.</p>	Up to \$25,000 per engagement

Appendix D

Pre-Approved All Other Services

Services	Range of Fees

Appendix E

Prohibited Non-Audit Services

- Bookkeeping or other services related to the accounting records or financial statements of the Company*
- Financial information systems design and implementation*
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports*
- Actuarial services*
- Internal audit services*
- Management functions
- Human resources
- Broker-dealer, investment advisor or investment banking services
- Legal services
- Expert services unrelated to the audit

* Non-Audit Services are prohibited only if it is reasonable to conclude that the results of these services will not be subject to audit procedures.