



**RISK MANAGEMENT
COMMITTEE CHARTER**

As of June 24, 2013

Diversicare Healthcare Services, Inc.

Risk Management Committee Charter

Organization

The Board of Directors (the “Board”) of Diversicare Healthcare Services, Inc. (the “Company”) may designate annually a Risk Management Committee comprised of two or more Directors, who may be removed by the Board in its discretion. The members of the Risk Management Committee shall be “independent” as determined by the Board in accordance with all applicable laws, rules, regulations and requirements. The Risk Management Committee shall report regularly to the Board.

A Chairman of the Risk Management Committee shall be elected annually by the Board.

Purpose

The purpose of the Risk Management Committee is to (1) assess and provide oversight to management relating to the identification and evaluation of professional liability risks inherent in the business of the Company and the control processes with respect to such risks; (2) oversee the risk management, compliance and control activities with respect to professional liability claims of the Company; (3) oversee the integrity of the Company’s systems of operation controls regarding professional liability risks, and (4) assess and provide oversight and approval to management with respect to settlement of material professional liability claims.

Meetings

The Risk Management Committee shall meet as often as it deems necessary or appropriate to carry out its responsibilities and may, in its sole discretion, form and delegate authority to subcommittees (comprised only of Risk Management Committee members) in furtherance of such responsibilities. Meetings of the Risk Management Committee shall be called by the Chairman of the Risk Management Committee, the Chairman of the Board or the President of the Company. All such meetings shall be held pursuant to the By-Laws of the Company with regard to notice and waiver thereof, and written minutes of each such meeting shall be duly filed in the Company’s records.

Powers and Responsibilities

The Risk Management Committee shall:

- (1) Review and evaluate professional liability claims and cases made against the Company;
- (2) Stay informed on any settlement negotiations proposed by management;
- (3) Approve any material settlements proposed by management;
- (4) Review and assess the adequacy of management’s professional liability risk assessment and risk control or mitigation plans;

- (5) Review and recommend changes to the Board as needed to ensure that the Company has in place at all times a risk management policy that addresses the Company's exposure to professional liability risks;
- (6) Advise the Board regarding the Company's disclosure of professional liability risks in all filings with the SEC (including Annual Report on Form 10-K);
- (7) Initiate corrective actions with management in areas of professional liability risk as deemed appropriate by the Committee; and
- (8) Make regular reports to the Board.

Additional Powers and Responsibilities

The Risk Management Committee shall have the authority to engage and obtain advice and assistance from independent legal, accounting and other consultants to advise the Committee and shall have the sole authority to approve the fees and other retention terms of any such engagement, as it determines is necessary or appropriate to carry out its duties. All related fees and costs of such advisors shall be paid promptly by the Company in accordance with its normal business practices. The Risk Management Committee shall, on an annual basis, review and reassess the adequacy of this Charter and conduct an evaluation of the Risk Management Committee's own performance during such past year. The Risk Management Committee shall perform such other activities as the Risk Management Committee or the Board may from time to time deem necessary or appropriate. The Risk Management Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Risk Management Committee or to meet with any members of, or consultants to, the Risk Management Committee.