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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. \_\_)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary proxy statement
- ☐ Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

# FPIC Insurance Group, Inc.

(Name of Registrant as Specified in its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
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- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
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# FPIC INSURANCE GROUP, INC.

225 Water Street, Suite 1400  
Jacksonville, Florida 32202

## Notice of Annual Meeting of Shareholders

April 15, 2009

Dear Shareholder:

You are invited to join us at our annual meeting of shareholders to be held on Friday, June 5, 2009, at 10:00 a.m., eastern time, at the Omni Hotel, 245 Water Street, Jacksonville, Florida.

The annual meeting will be held for the following purposes:

1. To vote on the election of four directors to serve until their terms expire.
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for 2009.

At the annual meeting, we will also transact such other business as may properly come before the meeting and at any adjournments or postponements of the meeting.

The Board of Directors has set April 1, 2009, as the record date for the meeting. This means that shareholders at the close of business on that date are entitled to receive this notice of the meeting and to vote at the meeting. A list of our shareholders of record as of the record date will be available for inspection by any shareholder at the meeting and for a period of ten days prior to the meeting and continuing through the meeting at our principal executive offices.

**Your vote is important.** Even if you plan to attend the annual meeting, please vote, as instructed in your enclosed proxy/voting instruction card, via the Internet or the telephone as promptly as possible to ensure that your vote is recorded. Alternatively, you may complete your paper proxy/voting instruction card and submit your vote by mail. If you attend the meeting and your shares are registered in your name, you may withdraw your proxy at that time and vote your shares in person.

**Important Notice Regarding the Availability of Proxy Materials for the 2009 Annual Shareholders' Meeting.** Pursuant to new rules promulgated by the Securities and Exchange Commission, we have elected to provide access to our proxy materials both by: (i) sending you this full set of proxy materials, including a proxy/voting instruction card; and (ii) notifying you of the availability of our proxy materials on the internet. **This Notice and Proxy Statement and our 2008 Annual Report may be accessed on our website: [www.fpic.com](http://www.fpic.com).**

Jacksonville, Florida  
April 15, 2009

Very truly yours,

/s/ John R. Byers

John R. Byers

President and Chief Executive Officer

/s/ T. Malcolm Graham

T. Malcolm Graham

Secretary

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# **FPIC INSURANCE GROUP, INC.**

225 Water Street, Suite 1400  
Jacksonville, Florida 32202

April 15, 2009

## **Proxy Statement Annual Meeting of Shareholders To Be Held June 5, 2009**

The Board of Directors of FPIC Insurance Group, Inc. (which we refer to as “the Company,” “FPIC,” “us,” “we,” or “our”) is furnishing you this Proxy Statement in connection with the solicitation of proxies to be voted at our 2009 annual meeting of shareholders. The meeting will be held Friday, June 5, 2009, at the Omni Hotel, 245 Water Street, Jacksonville, Florida, at 10:00 a.m., eastern time.

Our annual report to shareholders for 2008, this Proxy Statement, and the accompanying proxy/voting instruction card are being distributed on or about April 15, 2009 to shareholders entitled to vote.

All properly executed written proxies that are delivered pursuant to this solicitation will be voted at the meeting in accordance with the directions given in the proxy, unless the proxy is revoked before the meeting. Your proxy may also be voted at any adjournments or postponements of the meeting.

Only shareholders of record at the close of business on April 1, 2009 are entitled to vote at the meeting or at adjournments or postponements of the meeting. Each holder of record on the record date is entitled to one vote for each share of common stock held. At the close of business on April 1, 2009, we had 7,492,070 shares of common stock issued and outstanding.

### **Questions and Answers about the Meeting and Voting**

#### ***What is a proxy?***

A proxy is your legal designation of another person to vote shares you own. If you designate someone as your proxy in a written document, that document is called a proxy or a proxy/voting instruction card. The enclosed proxy/voting instruction card names two of our officers as proxies for the 2009 annual meeting of shareholders. These two officers are Pamela D. Harvey, Vice President and Controller, and Becky A. Thackery, Vice President and Director of Internal Audit.

#### ***What is a proxy statement?***

A proxy statement is a document that the federal securities laws and regulations require us to give you when we ask you to sign a proxy/voting instruction card designating proxies to vote on your behalf. This Proxy Statement is being distributed on or about April 15, 2009 to shareholders entitled to vote at the meeting.

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***What different methods can I use to vote?***

You may vote:

- by telephone;
- over the Internet;
- by mail; or
- in person at the annual meeting.

Even if you plan to attend the annual meeting, you may vote by telephone, over the Internet or by mail. Please carefully read the instructions below on how to vote your shares. Because the instructions vary depending on how you hold your shares and the method you use to vote, it is important that you follow the instructions that apply to your particular situation.

***How do I vote if my shares are held in my name?***

*Via the Internet*

You can simplify your voting by voting your shares via the Internet as instructed on your proxy/voting instruction card.

*Voting by telephone*

Your proxy/voting instruction card includes a toll-free number you can call to vote. Call this number on a touch-tone phone with your proxy/voting instruction card in hand and listen for further instructions.

*Voting by mail*

You may elect to vote by mail. To do this, you should complete, sign and date your proxy/voting instruction card and mail it in the postage-paid envelope provided to you with this Proxy Statement.

*Voting in person at the meeting*

If you plan to attend the annual meeting, you can vote in person. To vote in person at the annual meeting, you will need to bring proper personal identification and evidence of your share ownership with you to the annual meeting.

***What is the difference between a shareholder of record and a shareholder who holds shares in “street name?”***

If your shares are registered in your name, you are a shareholder of record.

If your shares are in the name of your broker, bank or other nominee, your shares are held in “street name.”

### ***How do I vote if my shares are held in street name?***

#### ***Voting by mail, telephone or the Internet***

If your shares are held in street name, you should vote your shares using the method directed by your broker, bank or other nominee. A large number of banks and brokerage firms participate in online or telephone voting programs. These programs provide eligible street name shareholders the opportunity to vote over the Internet or by telephone. Voting forms will provide instructions for shareholders whose banks or brokerage firms are participating in such programs.

#### ***Voting by person at the meeting***

If you plan to attend the annual meeting and to vote in person, you should contact your broker, bank or other nominee to obtain a broker's proxy and bring it, together with proper personal identification and your account statement or other evidence of your share ownership, with you to the annual meeting.

### ***How do I vote shares held in the FPIC Insurance Group, Inc. Defined Contribution Plan?***

If you own shares of FPIC common stock through our Defined Contribution Plan ("401(k) Plan"), we will send you a voting instruction form for these shares. If you do not provide voting instructions for these shares, these shares will be voted by the trustee in the same proportion as the shares for which other participants have timely provided voting instructions.

### ***What is the record date and what does it mean?***

The record date for the 2009 annual meeting of shareholders is April 1, 2009. The Board of Directors, as required by law, has established the record date. Each holder of FPIC common stock at the close of business on the record date is entitled:

- to receive notice of the meeting; and
- to vote one vote for each share of FPIC common stock held on the record date at the meeting and at any adjournments or postponements of the meeting.

### ***How many shares can be voted and what is a quorum?***

A quorum is the minimum number of shares that must be represented in person or by proxy in order for us to conduct the annual meeting. As of the close of business on the record date, there were 7,492,070 shares of FPIC common stock outstanding and approximately 1,542 holders of record. The attendance by proxy or in person of, or voting by telephone or over the Internet by, holders of a majority of the shares of FPIC common stock entitled to vote at the annual meeting, or 3,746,035 shares of FPIC common stock, will constitute a quorum to hold the annual meeting. If you grant your proxy, your shares will be considered part of the quorum.

### ***How can I change my vote after I return my proxy/voting instruction card or vote by telephone or over the Internet?***

You can revoke a proxy and change your vote at any time before the final vote at the annual meeting by any one of the following actions:

- giving written notice to our Secretary;
- delivering a later-dated proxy;
- subsequently voting by telephone or over the Internet; or
- voting in person at the meeting.

If your shares are held in street name, you must contact your broker, bank or other nominee to revoke your proxy.

***Who counts the votes?***

We have retained Broadridge Investor Communications Services to tabulate the proxies. T. Malcolm Graham, Secretary of the Company, has been designated as the inspector of elections for the 2009 annual meeting of shareholders to certify the results of voting.

***What are your voting choices when voting for nominees for director standing for election?***

In voting on the election of the four nominees for director to serve until their terms expire, you may vote in one of the following ways:

- in favor of all nominees;
- withhold votes as to all nominees; or
- withhold votes as to a specific nominee.

***What vote is needed to elect directors?***

Directors will be elected by a plurality of the votes cast by the shareholders voting at the meeting. A plurality of the votes, as distinguished from a majority, is the greatest number of votes cast by those voting. Non-voted shares and shares the votes of which are withheld will not affect the outcome of the election of directors. **The Board of Directors recommends a vote FOR each of the nominees.**

***What vote is needed to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered certified public accounting firm for 2009?***

Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered certified public accounting firm for 2009 requires that the number of votes cast at the meeting in favor of the proposal exceed the number of votes cast against. Because abstentions and broker non-votes are not considered to be "votes cast," they will have no legal effect on the voting for the proposal. **The Board of Directors recommends a vote FOR ratification of PricewaterhouseCoopers LLP as the Company's independent registered certified public accounting firm for 2009.**

***What if a shareholder does not specify a choice for a matter when voting or returning a proxy/voting instruction card?***

If you vote via the Internet, by telephone or by mailing a proxy/voting instruction card without indicating your choice for a matter, we will vote your shares consistent with the recommendations of our Board of Directors as stated in this Proxy Statement. If any other matters are properly presented at the annual meeting for consideration, then the persons named on your proxy will have discretion to vote for you on those matters in accordance with their best judgment. As of the date of this Proxy Statement, we knew of no other matters to be presented at the annual meeting.

### ***How are abstentions and broker non-votes counted?***

Abstentions and broker non-votes will be counted as present for quorum purposes but otherwise will have no effect on the matters voted upon at the meeting.

### ***Where can I find the results of voting at the annual meeting?***

We will announce the preliminary voting results at the meeting. We will publish the final voting results in our Quarterly Report on Form 10-Q for the second quarter of 2009 filed with the Securities and Exchange Commission ("SEC").

## **Proposal 1** **Election of Directors**

We have a classified Board of Directors, with three classes of directors. Members of each class hold office for three-year terms, and the terms of the classes are staggered so that the term of one class expires each year. The Board of Directors has fixed the number of directors at 10.

Four directors are to be elected at the 2009 annual meeting of shareholders to hold office until 2012 or until their successors are elected and qualified. The Nominating Committee of our Board of Directors has nominated for re-election the four incumbent directors whose current terms of office expire at the annual meeting: Richard J. Bagby, M.D., Robert O. Baratta, M.D., John R. Byers and Terence P. McCoy, M.D. Each of the nominees has consented to stand for election. If, for any reason, any of the nominees is not a candidate when the election occurs, the enclosed proxy may be voted for a substitute nominee. The Board of Directors does not anticipate that any nominee will not be a candidate.

None of our directors, including the nominees, is related to a nominee or any other director, or to any of our executive officers, by blood, marriage or adoption. Further information regarding our directors is set forth below.

### **Nominees for Election - Terms Expiring in 2009**

**Richard J. Bagby, M.D.**, 68, is engaged in the private practice of diagnostic radiology and nuclear medicine in Orlando, Florida. Dr. Bagby has practiced medicine since 1972. In 2000, Dr. Bagby joined Boston Diagnostic Imaging Centers and Open MRI of Sanford as its medical director. Dr. Bagby is a past president of the Florida Medical Association ("FMA") and has served as a director of the Company since its formation in 1996. Dr. Bagby also served as a director of our subsidiary, First Professionals Insurance Company, Inc. ("First Professionals"), from 1993 until 2006 and served on its Advisory Board from 2006 to 2007.

**Robert O. Baratta, M.D.**, 68, is chairman and chief executive officer of Ascent, L.L.C., an ambulatory surgery center development and management company. Prior to joining Ascent, L.L.C. in 2004, Dr. Baratta was president, chief executive officer and vice chairman of the board of directors of Ecosphere Technologies, Inc., formerly known as UltraStrip Systems, Inc. ("Ecosphere"), an environmentally protective marine industrial company. Prior to joining Ecosphere in 2001, Dr. Baratta engaged in the private practice of ophthalmology in Stuart, Florida, where he served as president and chairman of the board of directors of Stuart Eye Institute. Dr. Baratta began practicing medicine in 1973. He has served as a director of the Company since its formation in 1996 and served as Chairman of the



Board of Directors from 1999 until May 2007. Dr. Baratta currently serves as Immediate Past Chairman of the Board of Directors. Dr. Baratta also served as a director of First Professionals from 1993 to 2000.

**John R. Byers**, 54, is President and Chief Executive Officer of the Company. Mr. Byers joined us in January 1999 as Executive Vice President and General Counsel and has served as our President and Chief Executive Officer since July 2000. Mr. Byers also serves as a director of Florida Bank Group, Inc., a Florida bank holding company, and its subsidiary, Florida Bank. Before joining us, Mr. Byers was a partner in the Jacksonville office of the Dewey & LeBoeuf LLP law firm from 1988 until 1998.

**Terence P. McCoy, M.D.**, 64, is a recently retired physician actively involved in management of property and financial holdings. Prior to his retirement, Dr. McCoy was engaged in the private practice of family medicine. He is a former member of the Florida Board of Medicine where he chaired the expert witness committee. He also served as president of the FMA, and as chief of the medical staff at Tallahassee Memorial Hospital. He was a Florida delegate to the American Medical Association ("AMA") where he was elected to the AMA Council on Constitution & Bylaws. Dr. McCoy holds a faculty appointment at the Florida State University College of Medicine. He was a founding member and later chairman of the board of Healthplan Southeast. Dr. McCoy has served as a director of the Company since 2003. Dr. McCoy also served as a director of First Professionals from 1998 to 2006 and served on its Advisory Board from 2006 to 2007.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES.**

**Incumbent Directors Whose Terms Expire in 2010**

**John K. Anderson, Jr.**, 60, is managing partner of Bott-Anderson Partners, Inc. ("Bott-Anderson"), an investment consulting firm headquartered in Jacksonville, Florida, and a senior advisor to Brown Gibbons Lang & Company ("Brown Gibbons"), an investment banking firm headquartered in Cleveland, Ohio. Prior to joining Brown Gibbons in September 2007 and Bott-Anderson in April 2003, Mr. Anderson was executive vice president, treasurer, chief financial officer and secretary of American Heritage Life Investment Corporation ("American Heritage"), a life insurance company headquartered in Jacksonville, Florida, wholly owned by The Allstate Corporation. From 1993 until he joined American Heritage in January 1996, Mr. Anderson served as chief executive officer of E.G. Baldwin & Associates, Inc., a regional distributor of medical imaging products and services to hospitals and other medical providers based in Cleveland, Ohio. Prior to that, he was president and chief executive officer of Capitol American Life Insurance Company based in Cleveland, Ohio, and before that executive vice president and chief financial officer of Baptist Health Systems, Inc., in Jacksonville, Florida. Mr. Anderson is also chairman of the board of directors of Baptist Medical Center Beaches in Jacksonville Beach, Florida and a member of the board of directors of CNL Bank First Coast in Jacksonville, Florida. Mr. Anderson is a former certified public accountant, a registered financial principal and a chartered life underwriter. Mr. Anderson has served as a director of the Company since 2001 and is currently Vice Chairman of the Board of Directors.

**M. C. Harden, III**, 56, has served as chairman of the board and chief executive officer of Harden & Associates, Inc. ("Harden & Associates"), an insurance broker and risk management and employee benefits consultant located in Jacksonville, Florida, since 1976. Mr. Harden also serves on a number of community and corporate boards, including the board of directors of Baptist Health System, Inc. Mr. Harden formerly served as chair of the Jacksonville Regional Chamber of Commerce. Mr. Harden also served as chairman of the Jacksonville Economic Development Commission from 2003 to 2007. Mr. Harden has served as a director of the Company since 2001.

**John G. Rich**, 53, was appointed a director of the Company by the Board of Directors in November 2003 and was elected by the shareholders to the Board of Directors in 2004. Mr. Rich is a partner of Rich & Intelisano, LLP in New York, New York, a law firm specializing in securities and commodities litigation and arbitration. Mr. Rich has practiced law in New York since 1982.

**Joan D. Ruffier**, 69, currently serves on various state and community boards, including the University of Florida Foundation, where she served as president from 1998 until 2000, the University of Central Florida Foundation, and Shands Healthcare. Ms. Ruffier formerly served on the Board of Overseers of Rollins College. Ms. Ruffier has also served on various corporate boards, including Florida Progress Corporation and its subsidiary, Florida Power Corporation, the Federal Reserve Bank of Atlanta and SunTrust Bank, Orlando. Ms. Ruffier was general partner of Sunshine Cafes, located in Jacksonville, Florida and Orlando, Florida, from 1987 until 1998. Before joining Sunshine Cafes, Ms. Ruffier was a certified public accountant with Colley, Trumbower & Howell in Orlando, Florida, from 1982 until 1986. Ms. Ruffier has served as a director of the Company since 2002.

#### **Incumbent Directors Whose Terms Expire in 2011**

**Kenneth M. Kirschner**, 66, currently serves as Chairman of the Board of Directors. Mr. Kirschner is a member of the law firm of Kirschner & Legler, P.A. ("Kirschner & Legler") and counsel to the law firm of Smith, Gambrell & Russell, LLP. From 1998 until the formation of Kirschner & Legler in 2001, Mr. Kirschner was a partner in the Jacksonville office of the law firm of Holland & Knight LLP and, subsequently, of counsel to the law firm of Dewey & LeBoeuf LLP. Prior to 1998, Mr. Kirschner was a shareholder of Kirschner, Main, Graham, Tanner & Demont, P.A., a Jacksonville, Florida, law firm. As an attorney, Mr. Kirschner specializes in corporate and corporate governance matters, finance, and mergers and acquisitions. Mr. Kirschner served as General Counsel of the Company from January 2006 until March 2007. He has served as a director of the Company since 2002 and served as Vice Chairman of the Board of Directors of the Company from 2005 to 2007.

**David M. Shapiro, M.D.**, 55, is a partner in Ambulatory Surgery Center LLC, an ambulatory surgery center consulting company. Dr. Shapiro served as the senior vice president of Medical Affairs for Surgis, Inc. ("Surgis"), an ambulatory surgery center management company, until its sale in 2006. Prior to joining Surgis in 2000, Dr. Shapiro engaged in the private practice of anesthesiology in Fort Myers, Florida. Dr. Shapiro serves on the board of the Ambulatory Surgery Center Association, as its chair, as well as the Florida Society of Ambulatory Surgery Centers, as chair-elect. He is also co-chair of the Ambulatory Surgery Quality Alliance. Dr. Shapiro holds designations both as a Certified Professional in Healthcare Risk Management (CHPRM) from the American Hospital Association and as Certified in Healthcare Compliance (CHC) from the Healthcare Compliance Certification Board. Dr. Shapiro has served as a director of the Company since 1996 and served as Vice Chairman of the Board of Directors of the Company from 1999 to 2005. Dr. Shapiro also served as a director of First Professionals from 1996 to 2006 and served on its Advisory Board from 2006 to 2007.

#### **Corporate Governance**

Pursuant to the Florida Business Corporation Act and our articles of incorporation and bylaws, our business is managed under the direction of our Board of Directors. Members of the Board are kept informed of our business through discussions with our President and Chief Executive Officer and other officers, by reviewing materials provided to them, and by participating in meetings of the Board and its committees. In addition, to promote open discussion among our non-management directors, those directors meet in regularly scheduled executive sessions without management participation.

Our Board of Directors has a strong commitment to sound and effective corporate governance practices. We maintain a corporate governance page on our Internet website ([www.fpic.com](http://www.fpic.com)), which includes key information about our corporate governance initiatives, including our Code of Conduct for Directors, Officers and Employees, our Code of Ethics, our Corporate Governance Guidelines, and the charters of our Audit, Compensation, Governance and Nominating Committees. The charter of our Nominating Committee contains our policy and procedures for nominations to our Board of Directors.

### **Code of Conduct; Code of Ethics; Corporate Governance Guidelines**

In 2004, our Board of Directors adopted our Code of Conduct, which sets forth the fundamental legal and ethical principles for conducting all aspects of our business. Our Code of Conduct applies to all directors, officers and employees of the Company and its subsidiaries, as well as to agents and representatives doing business on our behalf. Our Code of Conduct, together with specific policies and procedures, outlines the behavior expected of such individuals in carrying out their daily activities within appropriate ethical and legal standards. Our Code of Conduct is available on the Corporate Governance page of our website ([www.fpic.com](http://www.fpic.com)).

We have also adopted a Code of Ethics, which applies to our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions for us. The Code of Ethics is also available on the Corporate Governance page of our website ([www.fpic.com](http://www.fpic.com)).

In 2006, our Board of Directors adopted our Corporate Governance Guidelines. Our Governance Committee is responsible for overseeing the Corporate Governance Guidelines and for reporting and making recommendations to our Board concerning corporate governance matters. Our Corporate Governance Guidelines address matters including board composition, director independence, selection of Board nominees, Board membership criteria, director compensation, mandatory retirement, meetings, executive sessions of non-management directors, evaluation of the performance of the Chief Executive Officer, committees, succession planning, director responsibilities, orientation and continuing education, and self-evaluation of the Board and Board committees. A copy of our Corporate Governance Guidelines is available on the Corporate Governance page of our website at ([www.fpic.com](http://www.fpic.com)).

### **Board of Directors' Meeting Attendance**

Our Board of Directors held four meetings during 2008, and committees of the Board of Directors held a total of 26 meetings. Overall aggregate attendance at such meetings was more than 94%. Each director attended more than 75% of the aggregate of all meetings of the Board of Directors and of the committees on which he or she served during 2008.

The Board of Directors has adopted a policy that encourages all our directors to attend our annual meeting of shareholders. All but one of our directors attended the 2008 annual meeting.

### **Director Independence**

Our Board of Directors has determined that all of our directors, other than John R. Byers, our President and Chief Executive Officer, are "independent," in accordance with the current rules of The NASDAQ Stock Market ("NASDAQ").

Except as discussed below, none of our independent directors has any relationship with us except as directors and shareholders. In determining the independence of Dr. Bagby, our Board considered the fact that he is a policyholder of our First Professionals subsidiary. In determining the independence of Drs. Bagby, McCoy and Shapiro, our Board considered their current membership in, and past positions with, the FMA, which has endorsed our medical professional liability insurance program, and its related organizations. In determining the independence of Mr. Kirschner, our Board considered that Mr. Kirschner served as our General Counsel from January 1, 2006 until March 2007. In determining Dr. Baratta's independence, our Board considered services provided to our subsidiaries in 2007 and prior years by a law firm of which Dr. Baratta's son-in-law is a shareholder. Our Board also considered the transactions and relationships described below under the heading *Certain Relationships and Related Transactions*.

## Board Committees

The Board of Directors has established an Audit Committee, a Claims and Underwriting Committee, a Compensation Committee, an Executive Committee, a Governance Committee, an Investment Committee, a Nominating Committee, and a Strategic Planning Committee.

The following table lists the current members of each of the Committees and the number of meetings held during 2008.

	AUDIT	CLAIMS AND UNDERWRITING	COMPENSATION	EXECUTIVE	GOVERNANCE	INVESTMENT	NOMINATING	STRATEGIC PLANNING
John K. Anderson, Jr.*	Chair		X	X		X	Chair	
Richard J. Bagby, M.D.*		X	Chair		X		X	
Robert O. Baratta, M.D.*		X		X	X			X
John R. Byers				X	X			
M.C. Harden, III*		X				X		X
Kenneth M. Kirschner*				Chair	Chair	X		X
Terence P. McCoy, M.D.*	X	X				Chair	X	
John G. Rich*	X		X				X	X
Joan D. Ruffier*	X			X	X		X	Chair
David M. Shapiro, M.D.*		Chair	X			X	X	
<b>Number of Meetings</b>	<b>6</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>3</b>

\* Independent Directors.

**The Audit Committee.** The Audit Committee is established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is composed entirely of nonemployee directors, all of whom are considered independent under SEC and NASDAQ rules. The Board of Directors has determined that John K. Anderson, Jr., who has served on the Audit Committee since 2001 and as its chairman since 2003, satisfies the criteria for "audit committee financial expert" and that he is "independent" under SEC and NASDAQ rules. For more information on Mr. Anderson's background, see his biographical information under *Proposal 1. Election of Directors - Incumbent Directors Whose Terms Expire in 2010*.

The Audit Committee oversees our accounting, financial reporting and internal control processes and audits of our financial statements and provides assistance to the Board of Directors with respect to its oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, the qualifications and independence of our independent registered certified public accounting firm ("Independent Accounting Firm"), and the performance of our internal audit function.

The duties of the Audit Committee include, among other things:

- Directly appointing, compensating, retaining, terminating and overseeing our Independent Accounting Firm;
- Pre-approving, or adopting appropriate procedures to pre-approve, all audit services, internal control-related services and non-audit services to be provided by our Independent Accounting Firm;
- Reviewing and discussing with our Independent Accounting Firm and management any major issues regarding accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles, and major issues concerning the adequacy of our internal controls and any special audit steps adopted in light of any material control deficiencies, and the effect of regulatory and accounting initiatives as well as off balance sheet structures on our financial statements;
- Reviewing and discussing with our Independent Accounting Firm and management significant risks and exposures, if any, and the steps to monitor and minimize such risks and exposures;
- Reviewing and discussing our earnings press releases;
- Reviewing and discussing with our Independent Accounting Firm and management quarterly and year-end operating results, reviewing interim financial statements prior to their inclusion in Form 10-Q filings, and recommending to the Board of Directors the inclusion of the financial statements in our Annual Report on Form 10-K; and
- Reviewing and discussing disclosures made to the Audit Committee by our Chief Executive Officer and Chief Financial Officer during their certification process for our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses in internal controls or about any fraud involving management or other employees who have a significant role in our internal controls.

For more details regarding the duties and responsibilities of the Audit Committee, please refer to the Report of the Audit Committee below.

***The Claims and Underwriting Committee.*** The Claims and Underwriting Committee performs various functions with respect to our insurance underwriting and claims-related matters.

***The Compensation Committee.*** The Compensation Committee is composed entirely of nonemployee directors considered independent under SEC and NASDAQ rules. The Compensation Committee establishes our executive compensation. For more detailed information regarding the Compensation Committee's administration of our executive compensation program, please refer to the *Compensation Discussion and Analysis* below.

The Compensation Committee has a written charter, which is available on our website ([www.fpic.com](http://www.fpic.com)).

***The Executive Committee.*** The Executive Committee may exercise the powers of the Board of Directors, subject to the limitations of Florida law, whenever the Chairman of the Board of Directors determines that it is not practical for the full Board of Directors to meet and action is required to be taken on matters that the Chairman of the Board determines to be of an urgent nature.

***The Governance Committee.*** A majority of the members of the Governance Committee is comprised of nonemployee directors considered independent under SEC and NASDAQ rules. Only Mr. Byers is not considered independent.

The Governance Committee's responsibilities are, among other things, to:

- Ensure that the Board of Directors is independent, effective, competent and committed to enhancing shareholder value. To this end, the Committee provides input to the Nominating Committee in connection with that Committee's selection and nomination (or re-nomination) of individuals who provide the needed qualities and competencies that the Board may require from time to time;
- Oversee director remuneration, including equity compensation under the Director Stock Plan;
- Review and jointly recommend with both the Chairman and Vice-Chairman of the Board all nominations for committee memberships (including the Committee itself) and their terms of office;
- Develop and implement methods for evaluating the performance and effectiveness of each director, the Board as a whole, the Chairman of the Board, the Vice-Chairman of the Board, the Chief Executive Officer, and all Board committees and their chairmen;
- Oversee the senior management succession plan;
- Develop and recommend to the Board a set of Corporate Governance Guidelines and a Code of Conduct and Ethics and review these at least annually; and
- Review and, if desirable, suggest revisions to the Company's Bylaws on a periodic basis.

The Governance Committee has a written charter, which is available on our website ([www.fpic.com](http://www.fpic.com)).

***The Investment Committee.*** The Investment Committee oversees our investment policy with respect to portfolio investments and recommends such investment policy to the Board of Directors for its approval.

***The Nominating Committee.*** The Nominating Committee is comprised solely of directors considered independent under SEC and NASDAQ rules. There is a subcommittee of the Nominating Committee known as the "Nomination Review Subcommittee," which is comprised of the members of the Nominating Committee who are also members of the Governance Committee.

The Nomination Review Subcommittee has the duty and responsibility to:

- Identify, interview and recruit candidates for the Board, based on, among other qualifications, his or her capability, availability to serve, conflicts of interest, and other relevant factors; and
- Select proposed nominees for directors (for election by shareholders and to recommend candidates to fill vacancies) and present them to the Board for its views and input.

As part of its selection process, the Nomination Review Subcommittee considers timely suggestions from any member or committee of the Board and may consider recommendations from other sources of director candidates. The Nomination Review Subcommittee also will, if warranted, investigate and interview such candidates and report its conclusions with respect to each person considered (whether or not investigated or interviewed) to the Board.

The Nomination Review Subcommittee will also consider nominees timely proposed by shareholders in the manner set forth below in this Proxy Statement from time to time.

The Nominating Committee has the duty and responsibility to choose any person or persons it may select in its sole discretion (whether or not such person had been considered by the Board) for nomination as a director and to recommend a candidate to fill any vacancy existing on the Board, but only after the Nomination Review Subcommittee will have presented its selections to, and received the views of and input from, the Board. The Nominating Committee also is to establish such other policies and procedures as it deems appropriate to be followed in the selection of directors and nominees for directors.

In evaluating director nominees, among other things, the needs of the Board of Directors and its committees and the qualifications of sitting directors are considered. While the Nominating Committee has no specific, minimum qualifications for directors or director nominees, in general terms, the Nominating Committee considers, among other things, the following criteria: (i) personal and professional integrity; (ii) achievements and skills; (iii) personal attributes, including leadership abilities, strength of character, ethics, practical wisdom, mature judgment, inquisitiveness and independence of mind, interpersonal skills, including the ability to work together with other members to make a contribution to the work of the Board of Directors and its committees, and the ability and willingness to commit the necessary time required for membership on the Board and its committees; and (iv) experience attributes, including education, expertise, industry knowledge, business knowledge, financial acumen, special expertise, and diversity of viewpoints. The Nominating Committee believes that members should represent a balance of diverse backgrounds and skills relevant to our needs that together ensure a strong board of directors. The same criteria are applied to shareholder-recommended nominees.

The Nominating Committee has a written charter, which is available on our website ([www.fpic.com](http://www.fpic.com)).

***The Strategic Planning Committee.*** The Strategic Planning Committee has responsibility for (i) providing broad strategic direction; (ii) considering strategic implications; (iii) providing oversight of strategic activities; and (iv) considering alignment of corporate activities with long-term strategic goals and direction. The Strategic Planning Committee also establishes budgetary guidelines and processes for us, the Board of Directors and the Board of Directors' committees and oversees the budgeting function.

## **Director Compensation**

The following describes the various elements of our director compensation program.

***Annual Board Retainers.*** An annual retainer of \$60,000 is paid to each member of the Board of Directors who is not an employee of ours, subject to reduction as determined by the Board of Directors in the event a director is absent from more than 25% of the Board of Directors' meetings during any calendar year. The Chairman of the Board receives an additional annual Board fee of \$25,000 and the Vice Chairman of the Board and the Immediate Past Chairman of the Board each receive an additional annual Board fee of \$6,000.

***Annual Committee Retainers.*** Annual retainer fees to the nonemployee chairmen of the committees of the Board of Directors are paid as follows:

	<u>Chairman</u>
Audit	\$ 9,000
Compensation	\$ 5,000
Governance	\$ 2,500
Executive	—
Nominating	—
All Other	\$ 2,500

***Fees for Off-Cycle Meetings.*** A fee of \$650 is paid to each nonemployee member of the Board of Directors for attendance at any “Off-Cycle” meeting of the Board of Directors or any Committee of the Board of Directors (regardless of whether the Director is a member of that Committee). “Off-Cycle” means (i) any meeting of the Board of Directors in excess of five meetings per year and (ii) any meeting of any Committee of the Board of Directors not coinciding with a regularly scheduled meeting of the Board of Directors.

***Equity Compensation.*** Each nonemployee member of the Board of Directors receives on the date of each of our annual meetings of shareholders an award under our Amended and Restated Director Stock Plan (the “Director Stock Plan”) of 1,000 shares of restricted common stock, which fully vest on the first anniversary of the date of grant. In addition, any new nonemployee directors will receive on the date of their initial election to the Board of Directors an award under our Director Stock Plan of 1,000 shares of restricted common stock, which will fully vest on the first anniversary of the date of grant.

***Payment or Reimbursement for Reasonable Expenses.*** Reasonable expenses incurred by a director for attendance at meetings of the Board of Directors and its committees are paid or reimbursed by us.

***Deferred Compensation Plan.*** We also offer our directors a nonqualified deferred compensation plan, under which directors may defer all or a portion of their fees earned as directors. Under this plan, deferred fees will be paid, as adjusted for investment gains or losses, at such time in the future as specified by the participating director under the terms of the plan.

***Insurance Coverages.*** We also provide our nonemployee directors with coverage under a group accidental death and dismemberment policy that provides up to a \$500,000 benefit. We pay for this coverage, and the aggregate cost of this coverage for all nonemployee directors during 2008 was approximately \$2,100. If they desire, and at their own expense, we also include our nonemployee directors in our group health insurance plan.

The following table provides the information specified with respect to compensation of our nonemployee Directors during 2008.



**Director Compensation**  
**for the Year Ended December 31, 2008**

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$)<sup>(1) (2)</sup></b>	<b>Total (\$)</b>
John K. Anderson, Jr.	81,500	46,106	127,606
Richard J. Bagby, M.D.	68,900	46,106	115,006
Robert O. Baratta, M.D.	73,150	46,106	119,256
M. C. Harden, III	62,600	46,106	108,706
Kenneth M. Kirschner	94,650	46,106	140,756
Terence P. McCoy, M.D.	69,650	46,106	115,756
John G. Rich	66,500	46,106	112,606
Joan D. Ruffier	69,000	46,106	115,106
David M. Shapiro, M.D.	69,650	46,106	115,756

- (1) The amounts included in the "Stock Awards" column represent the compensation cost recognized by the Company in 2008 related to awards of restricted stock to directors, computed in accordance with Statement of Financial Accounting Standards No. 123R. During 2008, each director received an award of 1,000 shares of restricted stock with a grant date fair value of \$45.91. For a discussion of valuation assumptions, see *Note 11, Share-Based Compensation Plans*, to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008.
- (2) At December 31, 2008, the following directors had the total number of shares underlying outstanding unexercised options and the total number of shares of outstanding unvested restricted stock shown in the table below:

	<b>Shares Underlying Stock Options</b>	<b>Shares of Restricted Stock</b>
John K. Anderson, Jr.	25,000	1,000
Richard J. Bagby, M.D.	15,000	1,000
Robert O. Baratta, M.D.	—	1,000
M.C. Harden, III	25,000	1,000
Kenneth M. Kirschner	20,000	1,000
Terence P. McCoy, M.D.	15,000	1,000
John G. Rich	—	1,000
Joan D. Ruffier	20,000	1,000
David M. Shapiro, M.D.	26,500	1,000

## Executive Compensation

### Executive Officers

The following table lists our executive officers and sets forth certain information concerning them.

Name	Age	Position	Executive Officer Since
John R. Byers	54	President and Chief Executive Officer	1999
Charles Divita, III	39	Chief Financial Officer	2006
Robert E. White, Jr.	62	President of insurance subsidiaries	2006

For information regarding Mr. Byers, see *“Proposal 1. Election of Directors – Nominees for Election - Terms Expiring in 2009.”*

**Mr. Divita** became Chief Financial Officer of the Company on January 1, 2006. Prior to that time, Mr. Divita was Senior Vice President - Operations and Strategy of the Company and has been with us since 2000 in various executive capacities. Prior to joining us, Mr. Divita held management positions with Prudential Financial in the areas of operations and risk management.

**Mr. White** has served as President of First Professionals since 2002 and also serves as the President of our other insurance subsidiaries. Mr. White joined us in 2000 as Senior Vice President of administration of First Professionals. Prior to 2000, Mr. White was a senior claims officer of ProNational Insurance Company.

### Compensation Discussion and Analysis

Our executive compensation program is administered by the Compensation Committee of our Board of Directors, which is comprised solely of independent directors who also qualify as “outside directors” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”).

#### *Objectives of Our Executive Compensation Program*

The goal of our executive compensation program is to establish remuneration in an appropriate, fair manner, with compensation that is linked to our financial and strategic business objectives, that is justifiable and within industry norms, and that provides incentives sufficient to attract and retain high-performing executives. Also, the program seeks to align, insofar as is practicable, the interests of management with those of our shareholders. In addition to providing a competitive level of base pay, the program is designed to reward:

- efforts that result in increased shareholder value;
- commitment to the long-term success of the Company; and
- achievement of Company, individual and business unit objectives.

### ***How We Chose Amounts or Formulas for Each Element of Compensation***

Each executive's current and prior compensation is considered in setting future compensation. In addition, we review the compensation practices of other companies. To some extent, our compensation plan is based on the market and the companies we compete against for employees. Each element of compensation for executives is established at a level that the Compensation Committee believes is both appropriate and consistent within the industry and relative to peer companies. The Compensation Committee examines many other criteria used in determining the appropriate level, including, but not limited to, industry surveys, consumer price index data, the recommendation of our President and Chief Executive Officer, and the executive's performance, scope of responsibility, and productivity, as well as issues involving expense and risk control, management development, and strategic planning. The Compensation Committee also considers how each element of compensation relates to each other element and to total compensation in an effort to ensure a proper balance between the elements and a proper level of total compensation. Since 1999, the Compensation Committee has utilized the services of a compensation advisor, Frederic W. Cook & Co., Inc. ("Frederic Cook"), both in determining the compensation practices of our peers and for advice concerning the overall design and individual elements of our compensation program.

### ***Peer Group Analysis***

In 2006, Frederic Cook performed a thorough analysis of the compensation practices and levels of a Peer Group determined by them. This Peer Group consisted of companies with business operations that compete with us or operate in the financial services industry generally. The Compensation Committee recognized that many of these companies were larger than we are and operated in different geographical areas, and the Compensation Committee considers these factors in its decision-making. The Peer Group was comprised of the following seven companies:

- American Physicians Capital, Inc.;
- Fremont General Corporation;
- Markel Corporation;
- Philadelphia Consolidated Holdings Corporation;
- PICO Holdings, Inc.;
- ProAssurance Corp.; and
- SCPIE Holdings, Inc.

Peer Group compensation data is limited to publicly available information and therefore generally does not provide precise comparisons by position as offered by more comprehensive survey data. As a result, the Compensation Committee has used Peer Group data on a limited basis to analyze the competitiveness of our compensation and the consistency between our target compensation and our general compensation philosophy. In its review of 2008 compensation, the Compensation Committee did not ask Frederic Cook to conduct an additional Peer Group study but rather utilized the 2006 Peer Group study as part of its overall assessment of executive compensation.

### ***Elements of Our Executive Compensation Program***

Our executive compensation program is comprised of two basic components: direct compensation and post-employment and other benefits. Direct compensation consists of base salary, annual incentive

award, and long-term incentive compensation. While the Compensation Committee recognizes the importance of maintaining competitive post-employment and other benefits, direct compensation is the primary method through which we have sought to achieve our compensation objectives. The following table shows the percentages of total cash compensation, total direct compensation and total compensation comprised by the separate elements of our direct compensation program for each of our executive officers in 2008:

	Mr. Byers	Mr. Divita	Mr. White
<b>Percentage of Total Cash Compensation:</b>			
Base salary	45	62	62
Annual incentive award	55	38	38
Long-term incentive award *	—	—	—
Total	100	100	100
<b>Percentage of Total Direct Compensation:</b>			
Base salary	28	38	41
Annual incentive award	34	24	25
Long-term incentive award *	38	38	34
Total	100	100	100
<b>Percentage of Total Compensation:</b>			
Base salary	22	32	29
Annual incentive award	27	20	18
Long-term incentive award *	30	31	24
Total	79	83	71

\* The amount shown is the value of the portion of 2008 awards attributable to 2008, together with the value of prior-year awards attributable to 2008.

The Compensation Committee believes that these amounts and percentages are reasonable and appropriate.

Post-employment and other benefits consist of severance and change in control benefits and retirement, disability, and other arrangements. In 2005, the Compensation Committee began a review of our post-employment and other benefits. This review resulted in changes in 2007 and 2008 to certain plans and programs for administrative purposes as well as for the purpose of compliance with Section 409A of the Code. In addition, effective December 31, 2008 the Compensation Committee approved the substantive changes to the retirement programs discussed below. See *Post-Employment and Other Benefits* below.

### ***Direct Compensation Program***

**Base Salary.** We use base salaries to provide the foundation of a fair and competitive compensation opportunity for each individual executive officer. Generally, the Compensation Committee sets base salaries for the coming year at the last committee meeting of each calendar year by reviewing data presented by our management and Frederic Cook. The most important factors considered by the Compensation Committee in setting executive base salaries for 2008 were the executive's performance, the executive's then-current salary, changes in cost-of-living, the recommendation of Frederic Cook, and the recommendation of Mr. Byers. The determination of base salaries for 2008 was generally independent of the decisions regarding other elements of compensation, but the other elements of direct

compensation are dependent on the determination of base salary to the extent they are expressed as percentages of base salary.

**Annual Incentive Award.** Our annual Executive Incentive Compensation Plan (“EICP”) is a broad-based program that links the compensation of participants directly to the accomplishment of specific business goals, as well as, for certain executives, to individual performance. Annual cash incentive compensation under the EICP is intended to focus and reward individuals based on measures identified as having a positive impact on our annual business results. Annual cash incentive awards to our executive officers for 2008 are governed by our 2008 Senior Executive Annual Incentive Plan, which was approved by our shareholders in June 2008 and which was intended to make awards under this plan qualify as performance-based compensation to the extent permitted under Section 162(m) of the Code.

Our EICP is directly linked to financial and strategic objectives established by the Strategic Planning Committee of our Board of Directors. Our President and Chief Executive Officer presents to the Compensation Committee for its ultimate approval recommended corporate performance objectives, recommended weights to be given to each objective and recommended target award percentages. Frederic Cook has advised the Compensation Committee concerning the appropriateness of these target awards as a percentage of our executive’s base salaries. Through this process, the Compensation Committee believes that it has established performance objectives that are challenging, that are consistent with the strategic objectives for the Company established by the Strategic Planning Committee, and that do not provide our employees incentives to take excessive risks. The annual cash incentive award for a given year is normally paid in a single installment in the first calendar quarter of the following year.

Annual incentive awards are established as a target percentage of the participant's base salary with more senior executives being compensated at a higher percentage of base salary. The EICP is administered by the Compensation Committee, is consistent with the Compensation Committee’s belief that a significant percentage of the compensation of the most senior members of our management should be performance-based, and is consistent with our policy of rewarding highly performing executives.

The payment amount, if any, of an incentive award is determined based on: (1) the attainment of Company-wide financial and strategic performance measures (including in the case of executives with operating responsibilities, financial and strategic performance measures relative to their operating subsidiary or group) and (2) (in the case of executives other than our President and Chief Executive Officer and our Chief Financial Officer) the attainment of individual performance measures. For 2008, annual incentive awards to our President and Chief Executive Officer and to our Chief Financial Officer were based solely on Company-wide financial and strategic performance measures, while Mr. White’s award was based 45% on Company-wide financial and strategic performance measures, 35% on financial and strategic performance measures related to our insurance operations, and 20% on individual performance measures. Each performance measure is stated as a threshold, target and maximum performance level, which, if achieved, results in payments of 50% to 150% of the component of the target award related to that performance measure component. If the threshold measure is not achieved, no amount is paid. For 2008, the following target award percentages were established for our executive officers: 100% for Mr. Byers and 50% for Messrs. Divita and White. For purposes of evaluating financial performance components, the Compensation Committee may adjust our results, as determined under accounting principles generally accepted in the United States of America (“GAAP”), for unusual, non-recurring or other items at the Compensation Committee’s discretion. Achievement of an individual performance component is determined by the Compensation Committee, based in part upon the recommendation of Mr. Byers, which is made by him after discussion with Messrs. Divita and White.

Company-wide target financial and strategic performance objectives for 2008 were established in December 2007. These financial objectives were subsequently adjusted slightly by the Committee to reflect a delay by the Florida Office of Insurance Regulation in approving certain filings. As revised, these targets were as follows:

<u>Measure</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	<u>Weight</u>
Total revenue	\$196.7 million	\$207.1 million	\$217.6 million	10%
Operating earnings per diluted share	\$3.65	\$4.06	\$4.47	50%
Return on average equity	11%	13%	15%	15%
Strategic measures	—	—	—	25%

Strategic measures included measures related to: maintaining or improving the ratings by certain rating agencies of the financial strength of our insurance subsidiaries; further developing and communicating our capital management strategy; evaluating our long-term debt and related alternatives; assessing our strategic position and diversification and merger and acquisition opportunities; prudently managing our investment portfolio; and proactively focusing on Florida legislative and regulatory matters.

Target financial and strategic performance objectives for 2008 (before intercompany allocations and adjustments) for our insurance operations were established in December 2007. These financial objectives were subsequently adjusted slightly by the Committee to reflect a delay by the Florida Office of Insurance Regulation in approving certain filings. As revised, these targets were as follows:

<u>Measure</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	<u>Weight</u>
Gross premiums written	\$181.9 million	\$191.6 million	\$201.3 million	*
Net premiums written	\$161.1 million	\$169.6 million	\$178.2 million	*
Net premiums earned	\$167.5 million	\$176.4 million	\$185.3 million	*
GAAP underwriting margin	\$21.3 million	\$26.6 million	\$32.0 million	45%
Strategic measures	—	—	—	25%

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\* 30 percent combined

Strategic measures included measures related to: maintaining or improving the ratings by certain rating agencies of the financial strength of our insurance subsidiaries; maintaining price adequacy to achieve underwriting margin objectives; maintaining reserve adequacy; maintaining market position and seeking growth; pursuing opportunities in the self-insured market; and enhancing our information technology structure.

***Long-Term Incentive Compensation.*** We make awards of long-term incentive compensation to our management, including our executive officers, under our Amended and Restated Omnibus Incentive Plan (the “Omnibus Incentive Plan”). These awards are designed to motivate our executives to create long-term shareholder value by linking executive compensation with gains realized by shareholders. In 2008, we made equity awards to our executive officers in the form of a combination of restricted stock and performance units.

In recent years we had included stock options as a significant portion of our equity awards. After in-depth discussions with Frederic Cook and management and an analysis of recent trends and relevant tax laws, the Compensation Committee determined that stock options were an expensive, unpredictable and relatively ineffective method of providing long-term incentives to our management employees. In addition, the Compensation Committee felt that multi-year performance unit awards would more closely align executive compensation with Company objectives. The Compensation Committee, in consultation with Frederic Cook, also felt that a combination of time-vested restricted stock and performance units, with more senior executives receiving a higher percentage of performance units than less senior executives, was appropriate.

After extensive discussions with Frederic Cook and the members of the Strategic Planning Committee, other Board members, and management, the Compensation Committee established the following terms for the performance unit awards granted in 2008. Awards were made in units that entitle the holder to receive a payout of a number of shares of our Common Stock determined by multiplying the number of units by a Payout Percentage dependent upon our achievement of a performance goal during a two-year performance period ending December 31, 2009.

The following table sets forth the Threshold, Target and Maximum Performance Goals for the Performance Period and the Payout Percentages resulting from achievement of these Performance Goals:

<b>Performance Goals:</b>	<b>The following levels of ROAE*:</b>	<b>Payout Percentage:</b>
Less than Threshold	-	0%
Threshold	10.0%	50%
Target	12.0%	100%
Maximum	14.0%	150%
More than Maximum	-	150%

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\* “ROAE” means the average of our “returns on average equity” for the calendar years 2008 and 2009, as adjusted as applicable for: the cumulative effect of accounting and tax changes; the impact of mergers and acquisitions; the effect of state-levied guaranty fund assessments to the extent not recovered; and costs and expenses accrued or incurred associated with merger and acquisition activities that do not ultimately result in a transaction.

As is the case with our EICP described above, the Compensation Committee believes that these performance goals are challenging and consistent with our strategic objectives. The Compensation Committee recognized that the structure of these awards might provide incentives to our executives to take certain actions that may not necessarily be in the Company’s best interests, but the Compensation Committee does not believe that this risk is significant.

Generally, these performance unit awards vest at the end of the performance period; however, (i) a holder whose employment with the Company is terminated in the second year of the performance period or who retires before the end of the performance period is eligible for a pro rata payout; (ii) a holder who dies or becomes disabled becomes 100 percent vested in his or her award; and (iii) upon a Change in Control (as defined) a holder becomes 100 percent vested and eligible to receive an immediate payout (using a Payout Percentage equal to the greater of 100 percent or the Payout Percentage determined as though the Performance Period had ended on the last day of the calendar quarter immediately preceding the earlier of the first public announcement of the Change in Control Event or of the Company’s entry into a definitive agreement with respect to the Change in Control Event, the Company’s entry into a definitive agreement with respect to the Change in Control Event, or the date the Change in Control Event occurs).

The restricted stock awards made in 2008 have a three-year vesting period and no performance conditions.

In determining the number of shares of restricted stock and performance units to be granted, the Compensation Committee first decided upon the dollar value of awards to be granted, considering competitive and trend data and a recommendation by Frederic Cook. Next, the Compensation Committee granted awards with estimated values (determined in accordance with valuation procedures used by the Company in the preparation of its financial statements) approximately equal to these dollar values.

The Compensation Committee also considers the outstanding amount of equity awards made in prior years in setting the amount of equity incentive awards, both as an indicator of the degree to which the interests of our executives are already aligned with shareholders and also as an indicator of how much of an additional incentive will be provided by an additional award.

The following table sets forth the equity incentive awards discussed above granted to our executive officers in 2008:

	<b>No. of Shares of Restricted Stock</b>	<b>No. of Performance Units</b>	<b>Total Estimated Grant-Date Value*</b>
Mr. Byers	4,105	12,316	\$732,705
Mr. Divita	2,052	6,158	\$366,330
Mr. White	2,052	6,158	\$366,330

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\* Approximately eight percent of this amount was attributable to 2008 in view of the vesting features of these awards.

We take care to avoid questionable timing practices in connection with our equity incentive awards. Grants are initially considered by the Compensation Committee at its December meeting and are finalized and made at a special meeting held as early in January as practicable on a date set by the Compensation Committee at its December meeting. Except with respect to new hires, we do not make grants of equity incentive awards to our executives at other dates. If at the time of any planned equity incentive award grant date, we were aware of material non-public information, we would not make the planned award grant on that date but would reschedule the meeting of the Compensation Committee to an appropriate time. The Compensation Committee does not delegate any function related to equity incentive awards.

### ***Post-Employment and Other Benefits***

**Retirement Benefits.** Our overall compensation package for our executive officers also includes various retirement benefits, including participation in our Defined Benefit Plan, 401(k) Plan and Nonqualified Deferred Compensation Plan. In 2008 and prior years, our executive officers also participated in either our Excess Benefit Plan or our Supplemental Executive Retirement Plan (“SERP”). As discussed below, effective December 31, 2008, we terminated our Excess Benefit Plan and SERP as to all active employees including our executive officers. In lieu of benefits under these Plans, we entered into deferred compensation agreements (“Deferred Compensation Agreements”) with certain officers.

Generally, the benefits offered to participants in these plans are intended to provide retirement security and serve a different purpose than do the other components of compensation. We believe that providing our executive officers with an appropriate level of retirement benefits is an important factor in our ability to attract and retain key executives.



**401(k) Plan.** Our 401(k) Plan is a broad-based, non-discriminatory qualified plan that is designed to encourage our employees to save for their retirement. Our contributions to our employees, including our executive officers, under this plan are limited. Our 401(k) Plan has two components. The plan allows employees to contribute up to 100% of their compensation earned, subject to statutory limitations (\$15,500 for 2008, \$20,500 in the case of employees age 50 and over), during the plan year. We match 100% of an employee's contributions up to 2.5% of compensation (provided that compensation for this purpose is limited to \$230,000 for 2008). In addition, we may make a discretionary contribution of up to 25% of each participant's compensation (with compensation limited to \$230,000 for this purpose, also) for the plan year. For 2008, we made a discretionary contribution of six percent of compensation, subject to the applicable statutory limitations. The total matching and discretionary contributions we made to the accounts of our executive officers with respect to 2008 were \$19,550 each.

**Retirement Plans.** Our retirement plans for executive officers consist of our Defined Benefit Plan and, during 2008 and prior years, our Excess Benefit Plan and SERP. Our Defined Benefit Plan is a funded, tax qualified, noncontributory plan that covers the majority of our employees, including executive officers. All participants in our Defined Benefit Plan whose benefits were limited by the Code (including our executive officers other than Mr. Byers) automatically participated in our Excess Benefit Plan. This plan provided a supplemental pension benefit intended to ensure that participants received total pension benefits equal to the benefits that would have been payable under our Defined Benefit Plan but for the limitations of the Code. Mr. Byers was the only active participant in our SERP, which was an unfunded, nonqualified plan, that paid a higher level of retirement benefits than would have been payable under our Excess Benefit Plan. For further information concerning our Defined Benefit Plan, our Excess Benefit Plan, and our SERP, see the *Pension Benefits* table and accompanying narrative below.

Effective December 31, 2008, we terminated our Excess Benefit Plan and SERP as to all active employees and entered into Deferred Compensation Agreements with Messrs. Byers, Divita and White to replace the benefits previously provided to these executives by our Excess Benefit Plan and SERP. The decision to terminate the Excess Benefit Plan and SERP was made by the Compensation Committee in consultation with Frederic Cook in order to replace the relatively unpredictable and open-ended obligations under these defined benefit plans with fixed contributions to a defined contribution plan under which participants rather than the Company would bear the associated investment risks.

Pursuant to the Deferred Compensation Agreements entered into in December 2008, in January 2009, in consideration of the relinquishment by our executive officers of their accrued and vested benefits under the Excess Benefit Plan and SERP, in January 2009 we contributed to the accounts of our executive officers under our Deferred Compensation Plan (a defined contribution plan) the following amounts:

John R. Byers	\$1,276,433
Charles Divita, III	\$ 137,947
Robert E. White, Jr.	\$ 535,430

In addition, the Deferred Compensation Agreements provide that the Company will, for 2009 and each year in which Messrs. Byers, Divita and White continue their employment with the Company, contribute to their accounts under the Deferred Compensation Plan the following percentages of their respective base salaries.

John R. Byers	19% in 2009, increasing by 2.75 percentage points annually through 2018 and reverting to 19% in 2019 and later years
Charles Divita, III	5.25%
Robert E. White, Jr.	16.0%

These one-time and annual contribution amounts were determined by the Compensation Committee in consultation with Frederic Cook and are intended to replace as nearly as possible the anticipated benefits the participants would have received under our Excess Benefit Plan or SERP and generally at an anticipated cost to the Company no greater than would have been anticipated under the terminated plans.

Also pursuant to the Deferred Compensation Agreements, we agreed to transfer cash equal to the amount of these contributions to the rabbi trust previously established with respect to the Deferred Compensation Plan. Contributions to the Deferred Compensation Plan made pursuant to the Deferred Compensation Agreements are credited to a Retirement Account under the Deferred Compensation Plan and are 100% vested at the time of contribution. All accounts under the Deferred Compensation Plan increase or decrease in accordance with investment elections made from time to time by the participants. Funds in the Retirement Accounts are to be paid out (in a lump sum or in up to ten installments) to the executive officers at the time of their separation from service with the Company.

***Nonqualified Deferred Compensation Plan.*** Our nonqualified Deferred Compensation Plan is offered to key employees, including our executive officers, selected by the Board of Directors. While we generally have not contributed to this plan (other than pursuant to the Deferred Compensation Agreements with Messrs. Byers, Divita and White) and thus historically have not considered this plan to be a part of our compensation program *per se*, we consider providing our executives the ability to manage their personal finances by deferring compensation into this plan to be an important benefit that we can afford with a low level of associated administrative cost. For further information concerning our Nonqualified Deferred Compensation Plan, see the *Nonqualified Deferred Compensation* table and accompanying narrative below. In December 2008, we amended and restated our Deferred Compensation Plan, among other reasons, to create the Retirement Accounts required by the Deferred Compensation Agreements.

***Employment and Change in Control Severance Agreements.*** We have entered into employment and change in control severance agreements with our executive officers. These employment agreements are for three years in the case of Mr. Byers and two years in the cases of Messrs. Divita and White and provide for specified minimum levels of base salary, incentive compensation in accordance with our executive incentive compensation program, and such other benefits as we may provide to senior executives from time to time, including an automobile or automobile allowance and club dues. Severance under these employment agreements is provided if we terminate the executive's employment before the end of the term of employment for any reason other than cause (as defined) or if the executive terminates his employment within 90 days after we notify the executive that his agreement will not automatically be extended at the end of a year. Our change in control severance agreements with these executives provide change in control benefits on a so-called "double-trigger" basis. That is, severance benefits under these agreements are paid only if there is a change in control (as defined) of the Company and a termination of the executive's employment by his employer (or a constructive discharge) at the time of or within 36 months after the change in control.

These long-term employment and change in control severance arrangements with our executive officers were entered into to assist us in attracting and retaining our executives as well as to help assure continuity of management.

As of December 15, 2008, effective January 1, 2008, we entered into revised employment agreements and change in control severance agreements with our executive officers and terminated the previously existing employment agreements and severance agreements. The primary purpose of the revised agreements was to bring them into compliance with Section 409A of the Code. The terms of the revised agreements are substantially similar to the terms of the previously existing agreements.

***Other Change in Control Benefits.*** Outstanding awards of restricted stock, performance units and stock options made under our Omnibus Incentive Plan vest immediately upon a change in control. We believe that utilizing so-called “single trigger” vesting of these awards can be a powerful retention device during change in control discussions and removes employee uncertainty after a change in control occurs.

***Other Benefits.*** Executives, together with employees generally, may participate in our Employee Stock Purchase Plan. They also receive health and dental benefits, and life, short-term disability, and long-term disability insurance. Our executive officers also receive excess disability and life insurance coverage.

Our overall compensation plan for executives also includes certain perquisites, including, among other things, automobiles or automobile allowances and expense reimbursements and dues for approved social or country clubs, as provided by the employment agreements described above. In addition, we reimburse our executive officers for expenses of their spouses on company-related travel when appropriate. These perquisites are provided to assist us in attracting and retaining our executives.

### ***Tax Considerations***

Section 162(m) of the Code eliminates the tax deduction of any publicly held corporation for compensation to certain executives of such corporation exceeding \$1,000,000 in any taxable year, unless the compensation qualifies as being performance-based within the meaning of Section 162(m). The increase in the trading price of our common stock in recent years resulted in a significant increase in the value of restricted stock awards (which does not qualify as performance-based) under our Omnibus Incentive Plan. As a result of these factors, Mr. Byers’ non-performance based compensation for 2008 exceeded the \$1,000,000 deductibility limit. Also, depending upon the value of previously made restricted stock awards vesting in a particular future year and the amounts received by our executive officers under our Senior Executive Annual Incentive Plan that do not qualify as performance-based compensation, it is possible that Mr. Byers (and possibly other executive officers) could receive more than \$1,000,000 of non-performance-based compensation in that year. The Compensation Committee has taken steps to mitigate the amount of executive compensation that might not be deductible under Section 162(m), including by adopting and obtaining shareholder approval of our 2008 Senior Executive Annual Incentive Plan.

## Compensation Committee Report

We have reviewed and discussed with management the *Compensation Discussion and Analysis* contained in this Proxy Statement. Based on that review and those discussions, we recommended to the Board of Directors that such *Compensation Discussion and Analysis* be included in this Proxy Statement.

### Compensation Committee Report Submitted by:

*Richard J. Bagby, M.D., Chairman*  
*John K. Anderson, Jr.*  
*John G. Rich*  
*David M. Shapiro, M.D.*

## Summary Compensation Table

The following table sets forth information concerning the compensation paid by us to our executive officers for 2006, 2007 and 2008, for all services in all capacities during these years.

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Compensation (\$) <sup>(3)</sup>	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) <sup>(4)</sup>	All Other Compensation (\$) <sup>(5)</sup>	Total (\$) <sup>(6)</sup>
John R. Byers President and Chief Executive Officer	2008	723,000	543,807	450,761	896,520	660,046	54,187	3,328,321
	2007	695,000	274,057	534,040	966,050	196,877	62,047	2,728,071
	2006	600,000	292,215	304,957	444,000	129,125	153,191	1,923,488
Charles Divita, III Chief Financial Officer	2008	365,000	261,482	101,664	226,300	147,881	51,838	1,154,165
	2007	335,000	112,347	121,180	232,825	9,069	59,672	870,093
	2006	260,000	53,101	95,668	144,300	13,628	47,231	613,928
Robert E. White, Jr. President, First Professionals	2008	436,800	261,736	102,113	268,850	344,699	85,439	1,499,637
	2007	420,000	126,549	145,662	278,460	98,552	98,437	1,167,660
	2006	400,000	65,760	152,478	214,050	118,325	75,060	1,025,673

(1) The amounts included in the "Stock Awards" column represent the compensation cost we recognized in the years shown related to non-option stock awards in 2008 and prior years, in accordance with Statement of Financial Accounting Standards No. 123R. For a discussion of valuation assumptions, see *Note 11, Share-Based Compensation Plans*, to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008. Please see the *Grants of Plan-Based Awards* table for more information regarding the stock awards we granted in 2008.

- (2) The amounts included in the "Option Awards" column represent the compensation cost we recognized in the years shown related to option awards in prior years, in accordance with Statement of Financial Accounting Standards No. 123R. For a discussion of valuation assumptions, see *Note 11, Share-Based Compensation Plans*, to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008.
- (3) The amount shown for each named executive officer in the "Non-Equity Incentive Plan Compensation" column is attributable to an award under our EICP earned in the years shown, but paid in the succeeding year. Please see *Compensation Discussion and Analysis – Direct Compensation Program – Annual Incentive Award* and the *Grants of Plan-Based Awards* table below for more information regarding our EICP and the 2008 EICP awards and performance measures.
- (4) The amount shown for each named executive officer in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column for 2006 and 2007 is attributable to the change in actuarial present value of the accumulated benefit under our Defined Benefit Plan and our Excess Benefit Plan or SERP, as applicable, at the end of the year shown, as compared to the end of the previous year. For 2008, the amount shown is attributable to the change in actuarial present value of the accumulated benefit under our Defined Benefit Plan, plus the excess of the amount of the initial contributions made to the named executive officer's account under our Nonqualified Deferred Compensation Plan pursuant to the Deferred Compensation Agreements effective December 31, 2008 over the actuarial present value of the executives' benefit at December 31, 2007 under our Excess Benefit Plan or SERP, as applicable. See the *Pension Benefits* and *Nonqualified Deferred Compensation* tables below and accompanying narrative.
- (5) The amounts shown in the "All Other Compensation" column are attributable to the following:

Name	Year	Company Contributions to Retirement Plans (a)	Insurance Premiums (b)	Perquisites and Other Personal Benefits (c)	Total
Mr. Byers	2008	\$ 19,550	\$ 6,572	\$ 28,065	\$ 54,187
Mr. Divita	2008	\$ 19,550	\$ 5,727	\$ 26,561	\$ 51,838
Mr. White	2008	\$ 19,550	\$ 8,233	\$ 57,656	\$ 85,439

- (a) Matching and profit-sharing contributions made by us to the executive's account under our 401(k) Plan.
- (b) Premiums paid by us for executive disability, life, accidental death, and emergency medical insurance.
- (c) Perquisites included: participation in our executive automobile program; social club dues; and for Mr. White, expenses of his spouse during company-related travel. No individual perquisite exceeded \$25,000, except the following for Mr. White: spousal travel expenses: \$27,828.

- (6) The amount shown in the "Total" compensation column for each named executive officer represents the sum of all columns of the Summary Compensation Table.

### ***Employment and Severance Agreements***

We have entered into an employment agreement with Mr. Byers providing for a minimum annual salary and the opportunity for annual salary increases, incentive compensation, and other compensation and perquisites as approved by the Board of Directors. Under the agreement, Mr. Byers' minimum annual salary is \$752,000, which may be increased at the discretion of the Board of Directors. The agreement is for a term of three years and is extended automatically for an additional year unless the Board of Directors before the end of a year notifies Mr. Byers that the agreement will not be so extended. The term currently continues through December 31, 2011. We have also entered into employment agreements with Messrs. Divita and White providing for a minimum annual salary and the opportunity for annual salary increases, incentive compensation and other compensation and perquisites as approved by the Board of Directors. Under these agreements, Mr. Divita's minimum annual salary is \$379,600 and

that of Mr. White is \$454,272, each of which may be increased at the discretion of the Board of Directors. The agreements are for a term of two years and are extended automatically for an additional year unless the Board of Directors notifies Messrs. Divita or White that the agreement will not be so extended before the end of each year. The terms currently continue through December 31, 2010. For a description of amendment to these agreements in December 2008, see *Compensation Discussion and Analysis*. See *Potential Payments Upon Termination or Change in Control* below for a description of the provisions of these employment agreements applicable upon termination of the executive officers' employment.

For a description of severance arrangements we have entered into with our executive officers, see *Potential Payments Upon Termination or Change in Control* below.

## Grants of Plan-Based Awards

The following table contains information concerning cash and equity incentive compensation awards during 2008 to our executive officers under our equity incentive and other plans.

### Grants of Plan-Based Awards During the Year Ended December 31, 2008

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>(3)</sup>	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards <sup>(4)</sup>
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
John R. Byers	1/4/2008	—	—	—	6,158	12,316	18,474	4,105	—	—	732,705
	—	361,500	723,000	1,084,500	—	—	—	—	—	—	—
Charles Divita, III	1/4/2008	—	—	—	3,079	6,158	9,237	2,052	—	—	366,330
	—	91,250	182,500	273,750	—	—	—	—	—	—	—
Robert E. White, Jr.	1/4/2008	—	—	—	3,079	6,158	9,237	2,052	—	—	366,330
	—	109,200	218,400	327,600	—	—	—	—	—	—	—

- (1) The amounts shown reflect grants of 2008 EICP awards. In December 2007, our Compensation Committee established target EICP awards, expressed as a percentage of the executive's 2008 base salary, and individual, company, and subsidiary performance measures for the purpose of determining the amount paid out under the EICP for each executive officer for the year ended December 31, 2008. The amount shown in the "target" column represents the target percentage of each executive officer's 2008 base salary. For 2008, the target percentages were: 100% for Mr. Byers; and 50% for Messrs. Divita and White. The amount shown in the "maximum" column represents the maximum amount payable under the EICP, which is 150% of the target amount shown. The amount shown in the "threshold" column represents the amount payable under the EICP if only the minimum level of company performance of the EICP is attained, which is 50% of the target amount shown. Please see *Compensation Discussion and Analysis – Direct Compensation Program – Annual Incentive Award* for more information regarding our EICP and the 2008 EICP awards and performance measures.
- (2) The "Estimated Future Payouts Under Equity Incentive Plan Awards" column shows the range of shares, that may be earned in respect of performance units granted under our Omnibus Incentive Plan in 2008 for the two-year performance period covering fiscal years 2008 and 2009. The number of shares that will be earned by each named executive will range from 0% to a maximum of 150% of the target number of shares and will be based upon the achievement of two-year cumulative Return on Average Equity, as adjusted, for the fiscal 2008-2009 period. The threshold level for a payout is 50% of the target performance goal. For additional information related to the

- performance measure and other terms of these performance units, see the *Compensation Discussion and Analysis* above.
- (3) The amounts shown reflect the number of shares of restricted stock received pursuant to awards granted under our Omnibus Incentive Plan. The restrictions on one-third of such shares lapse on each of the first three anniversaries of the date of grant. The restrictions on all shares will lapse if the executive officer's employment terminates as a result of death or disability, or if there is a change in control. Please see *Compensation Discussion and Analysis* above for more information regarding these awards of restricted stock.
- (4) The amounts included in the "Fair Value of Awards" column represent the full grant date fair value of the awards computed in accordance with Statement of Financial Accounting Standards No. 123R. For a discussion of valuation assumptions, see *Note 11, Share-Based Compensation Plans*, to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008.

## Outstanding Equity Awards

The following table contains information regarding awards under our equity incentive and other plans held at December 31, 2008, by our executive officers.

### Outstanding Equity Awards at December 31, 2008

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested <sup>(1)</sup> (\$)	Equity Incentive Plan Awards; Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards; Market or Payout Value of Unearned Shares, that Have Not Vested <sup>(1)</sup> (\$)
John R. Byers	2,000	—	14.38	05/01/10	19,324 <sup>(4)</sup>	846,005	12,316 <sup>(5)</sup>	539,194 <sup>(5)</sup>
	78,575	—	10.38	12/11/10	2,293 <sup>(6)</sup>	100,388	—	—
	24,128	—	14.00	12/14/11	4,105 <sup>(7)</sup>	179,717	—	—
	23,666	—	6.80	12/12/12	—	—	—	—
	39,800	—	23.05	12/12/13	—	—	—	—
	15,000	—	30.38	01/20/15	—	—	—	—
	7,799	3,899 <sup>(2)</sup>	35.27	01/06/16	—	—	—	—
	18,150	36,298 <sup>(3)</sup>	39.37	01/08/17	—	—	—	—
Charles Divita, III	777	—	6.80	12/12/12	1,147 <sup>(6)</sup>	50,216	6,158 <sup>(5)</sup>	269,597 <sup>(5)</sup>
	9,900	—	23.05	12/12/13	3,104 <sup>(8)</sup>	135,893	—	—
	3,750	—	30.38	01/20/15	2,052 <sup>(7)</sup>	89,837	—	—
	3,899	1,950 <sup>(2)</sup>	35.27	01/06/16	—	—	—	—
	2,926	5,851 <sup>(3)</sup>	39.37	01/08/17	—	—	—	—
Robert E. White, Jr.	7,056	—	23.05	12/12/13	1,147 <sup>(6)</sup>	50,216	6,158 <sup>(5)</sup>	269,597 <sup>(5)</sup>
	7,500	—	30.38	01/20/15	3,104 <sup>(8)</sup>	135,893	—	—
	3,899	1,950 <sup>(2)</sup>	35.27	01/06/16	2,052 <sup>(7)</sup>	89,837	—	—
	2,926	5,851 <sup>(3)</sup>	39.37	01/08/17	—	—	—	—

(1) Market value is based on the closing price of FPIC common stock on December 31, 2008 (\$43.78), as reported by NASDAQ.

(2) This option will become fully exercisable on January 6, 2009.

(3) This option will become exercisable in equal amounts on January 8 of each of 2009 and 2010.

(4) Restricted stock that vests in equal amounts on January 26 of each of 2010 and 2012.

(5) The period of performance unit awards is January 1, 2008 to December 31, 2009. Number of unearned shares is based on achievement of 100 percent of the performance target. Market value is based on the closing price of FPIC common stock as of December 31, 2008 (\$43.78), as reported by NASDAQ.

(6) Restricted stock that vests on January 6, 2009.

(7) Restricted stock that vests in equal amounts on January 4 of each of 2009, 2010 and 2011.

(8) Restricted stock that vests in equal amounts on January 8 of each of 2009 and 2010.

## Option Exercises and Stock Vested

The following table contains information regarding exercises of stock options and vesting of awards of restricted stock under our equity incentive and other plans during 2008 by our executive officers.

### Option Exercises and Stock Vested During the Year Ended December 31, 2008

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
John R. Byers	31,136	1,472,732.80	2,293	102,313.66
	53,165	2,514,704.50	1,667	66,063.21
	18,219	872,872.29	9,662	411,697.82
	18,864	903,774.24	—	—
	3,312	158,479.20	—	—
	6,835	327,054.75	—	—
	6,425	307,436.25	—	—
	15,872	759,475.20	—	—
	7,663	352,957.78	—	—
	13,334	585,895.96	—	—
	20,806	914,215.64	—	—
	100	5,073.00	—	—
	1,859	96,872.49	—	—
	100	4,504.00	—	—
	1,141	50,204.00	—	—
Charles Divita, III	2,500	119,675.00	1,146	51,134.52
	9,223	441,505.01	1,553	62,244.24
	100	4,787.00	417	16,525.71
Robert E. White, Jr.	3,726	192,820.50	1,146	51,134.52
	4,356	225,423.00	1,553	62,244.24
	5,362	277,483.50	833	33,011.79
	10,000	489,300.00	—	—
	16,274	796,286.82	—	—
	9,638	471,587.34	—	—
	8,588	481,615.04	—	—



## Pension Benefits

The following table contains information regarding our plans that provide for payments or other benefits at, following, or in connection with retirement of our executive officers.

### Pension Benefits

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit <sup>(1)</sup> (\$)	Payments During Last Fiscal Year <sup>(2)</sup> (\$)
John R. Byers	Defined Benefit Plan	9.75	162,583	—
Charles Divita, III	Defined Benefit Plan	8.75	66,846	—
Robert E. White, Jr.	Defined Benefit Plan	8.75	240,035	—

(1) For the assumptions used in calculating the present value of accumulated benefits, see *Note 14, Employee Benefits Plans*, to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008.

(2) Does not include contributions effective December 31, 2008 made to the executives' accounts in our Nonqualified Deferred Compensation Plan pursuant to Deferred Compensation Agreements.

Our Defined Benefit Plan provides for payments to participants of benefits following, or in connection with, retirement. We also maintain our Nonqualified Deferred Compensation Plan, which is discussed below under the heading *Nonqualified Deferred Compensation*. In 2008 and prior years, we also maintained our Excess Benefit Plan and SERP. Effective December 31, 2008, we terminated these plans as to all active employees and entered into Deferred Compensation Agreements with Messrs. Byers, Divita and White. These Deferred Compensation Agreements replace the benefits previously provided to these employees by our Excess Benefit Plan and SERP. For more information, see *Compensation Discussion and Analysis* above.

**Defined Benefit Plan.** Our Defined Benefit Plan is a funded, tax-qualified, noncontributory plan that covers the majority of our employees, including executive officers. Under the Defined Benefit Plan, eligible employees, including employees who are executive officers, are entitled to receive a pension benefit based upon their years of service and their Average Compensation. The term "Average Compensation" is generally defined to be the average of the employee's earnings, including base salary, annual incentive awards and other cash amounts, for the highest five consecutive calendar years during an employee's last ten years of employment, subject to applicable limitations provided by law. For 2008, the applicable limitation on compensation was \$230,000. The normal annual retirement benefit provided under the Defined Benefit Plan (if a participant retires at or after the later of achieving age 65 or five years after the participant commenced participation in the plan) is generally .075 percent of each employee's Average Compensation not in excess of the applicable covered amount, plus 1.4 percent of each employee's Average Compensation in excess of the applicable covered compensation, for each year of service, up to 15. In lieu of his normal annual retirement benefit, a participant who has attained age 60 and has completed at least 10 years of eligible service may generally elect to receive a monthly benefit equal to his accrued benefit as of the retirement date, reduced by 6-2/3% for each year or portion thereof that the participant's early retirement date precedes his normal retirement date. Furthermore, if a married plan participant dies during his period of employment and is otherwise vested in benefits under the plan,

his or her spouse will generally be entitled to receive the participant's benefit under the plan. The covered compensation is derived from the 1988 social security tables and depends upon each individual's year of birth. For 2008, the maximum benefit was \$185,000. Eligible employees become vested in their pension benefits as they complete years of service in the employ of the Company or its subsidiaries, and are fully vested after five years of service with the Company and its subsidiaries. Unless the participant elects an alternative form of payment pursuant to the terms of the plan, benefits payable under the plan are paid, for single participants, in the form of a monthly straight-life annuity that terminates upon the death of the participant and, for married participants, in the form of a 50% joint and survivor annuity that terminates upon the death of the participant and his or her spouse. Each of our executive officers participates in the Defined Benefit Plan.

*Excess Benefit Plan.* Our Excess Benefit Plan, which was terminated as to active employees as of December 31, 2008, was an unfunded, nonqualified plan that provided benefits similar to our Defined Benefit Plan, but without the Code's earnings limitations. This plan was designed to provide retirement benefits to participants in our Defined Benefit Plan (other than those who participate in the SERP) as a replacement for those retirement benefits reduced by regulations under the Code. Together, the Defined Benefit Plan and Excess Benefit Plan were intended to provide the executive officers with retirement benefits equivalent to those provided to participants in the Defined Benefit Plan whose benefits are not limited. Messrs. Divita and White, but not Mr. Byers, were participants in the Excess Benefit Plan.

*SERP.* Our SERP, which was terminated as to active employees as of December 31, 2008, was an unfunded, nonqualified plan. The SERP provided participants selected by the Compensation Committee with income at retirement. Mr. Byers was the only active employee who had been selected to participate. A participant in the SERP was eligible to retire and receive a retirement benefit beginning on the earlier of such participant's (i) early retirement date, (ii) disability retirement date or (iii) normal retirement date. The retirement benefit at the normal retirement date equaled 60% of pre-retirement compensation (averaged over the highest three consecutive years of service), less Defined Benefit Plan and all predecessor plans' benefits and Social Security benefits, multiplied by the percentage of benefits vested. Vesting occurred over 20 years. Compensation for purposes of the SERP included the salary of a participant but did not include annual incentive awards.

### Nonqualified Deferred Compensation

The following table contains information regarding participation by our executive officers in our Nonqualified Deferred Compensation Plan during 2008.

**Nonqualified Deferred Compensation  
During the Year Ended December 31, 2008**

Name	Executive Contributions in Last Fiscal Year (\$)	Registrant Contributions in Last Fiscal Year <sup>(1)</sup> (\$)	Aggregate Earnings in Last Fiscal Year (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year (\$)
John R. Byers	—	1,276,433	(24,672)	—	1,311,947
Charles Divita, III	37,883	137,947	(7,125)	—	183,953
Robert E. White, Jr.	—	535,430	—	—	535,430

(1) Includes the initial contributions under the Deferred Compensation Agreements discussed below.

Our Nonqualified Deferred Compensation Plan is offered to key employees selected by the Board of Directors. During 2008, each member of our Board of Directors and Messrs. Divita and White and certain other members of our management team were selected to participate in this plan. Under this plan, prior to the commencement of a calendar year, each participant may make an irrevocable election to defer all or a portion of his or her cash compensation for the subsequent year or years. In addition, we, at the discretion of the Board of Directors, may match amounts deferred by participants and may also make discretionary incentive awards to participants.

Effective December 31, 2008, we terminated our Excess Benefit Plan and SERP as to all active employees and entered into Deferred Compensation Agreements with Messrs. Byers, Divita and White. The Deferred Compensation Agreements replace the benefits previously provided to these employees by our Excess Benefit Plan and SERP with the benefits described below. Among other things, the Deferred Compensation Agreements require initial and annual contributions to the accounts of Messrs. Byers, Divita and White under our Deferred Compensation Plan. The table below shows the initial amounts contributed in January 2009 to the accounts of these executives under our Deferred Compensation Plan pursuant to the Deferred Compensation Agreements:

John R. Byers	\$1,276,433
Charles Divita, III	\$ 137,947
Robert E. White, Jr.	\$ 535,430

For a more information concerning the terms of the Deferred Compensation Agreements, see *Compensation Discussion and Analysis* above.

Amounts deferred by or awarded to a participant may be invested in investment alternatives similar to those available under our 401 (k) Plan. Participants' account balances generally will be paid, as adjusted for investment gains or losses, following termination of employment or Board membership, as the case may be, or at such other times as participants may elect in accordance with the terms of this plan. During 2008, we did not make any matching or discretionary contributions to this plan.

#### **Potential Payments Upon Termination or Change in Control**

*Employment Agreements.* We have entered into employment agreements with our executive officers that provide that if these agreements are not extended by the end of any year, the affected executive officer may terminate his employment by providing at least 90 days' written notice of such termination. Upon such termination, or upon termination of employment by us without cause, the executive officer would continue to receive his annual salary and benefits for the remaining term of the employment agreement or until the executive directly or indirectly engages in or acts as an employee or consultant for any trade or occupation that is in competition with us. The executive officers may also terminate their employment in the event of a constructive discharge and continue to receive annual salary and benefits for the remaining term of the employment agreement. In the case of Mr. Byers, in the event that payments or benefits under the agreement are subject to the excise tax imposed by Section 4999 of the Code or any interest, penalty or addition to tax with respect to such excise tax, the agreement provides for cash gross up payments intended to put him in the same position as though no excise tax, penalty or interest had been imposed upon or incurred as a result of any payment or benefits.

*Change in Control Severance Agreements.* We have also entered into change in control severance agreements with certain members of our management, including our executive officers, which provide that during the three-year coverage period (as defined) after a change of control of the Company if the employment of an executive officer is terminated by us for any reason other than cause, death or disability, or by that executive officer for good reason, we will pay severance in a lump sum cash amount equal to three times, in the case of Mr. Byers, or two times, in the case of Messrs. Divita or White, the sum of the affected executive officer's (i) annual salary and (ii) the greater of the target incentive award opportunity for the current calendar year or the average of the annual incentive awards for the three prior calendar years. In addition, the affected executive officer's stock options, restricted stock and other long-term incentives would immediately vest, and the executive officer would receive benefits for a two-year period. In the case of Mr. Byers, in the event that payments or benefits under the severance agreement are subject to the excise tax imposed by Section 4999 of the Code or any interest, penalty or addition to tax with respect to such excise tax, the severance agreement provides for cash gross up payments intended to put him in the same position as though no excise tax, penalty or interest had been imposed upon or incurred as a result of any payment or benefits.

*Involuntary Termination of Employment.* The tables below summarize the executive benefits and payments due to each of our executive officers upon termination by us of his employment for any reason other than cause, disability, or death, or if the executive officer terminates his employment for good reason (i) either before a change in control or after the expiration of the three-year coverage period after a change in control, and (ii) within the three-year coverage period after a change in control. The tables do not include benefits under our retirement plans (see the *Pension Benefits* and *Nonqualified Deferred Compensation* tables above and the related discussion) and assume that termination occurred on December 31, 2008.

**Mr. Byers:**

<b>Executive Benefits and Payments upon Termination</b>	<b>Not in connection with change in control</b>	<b>In connection with a change of control</b>
Base salary <sup>(1)</sup>	\$ 1,504,000 <sup>(2)</sup>	\$ 2,256,000 <sup>(3)</sup>
Continuation of benefits	\$ 531,163 <sup>(4)</sup>	\$ 531,163 <sup>(5)</sup>
Value of stock options, performance units and restricted stock	\$ —	\$ 1,858,558 <sup>(6)</sup>
Cash award under Annual Incentive Plan	\$ — <sup>(7)</sup>	\$ 2,256,000 <sup>(8)</sup>
Tax gross-up	\$ —	\$ 2,100,476 <sup>(9)</sup>
<b>Total</b>	<b>\$ 2,035,163</b>	<b>\$ 9,002,197</b>

(1) Assumes annual salary effective January 1, 2009.

(2) Under Mr. Byers' employment agreement, Mr. Byers would receive continuation of annual salary for the remaining term of his employment. This would be for two years, assuming the employment agreement was not renewed and Mr. Byers' employment was terminated on December 31, 2008.

(3) Under Mr. Byers' change in control severance agreement, Mr. Byers would receive a lump sum payment equal to three times his base salary then in effect.

- (4) As provided under Mr. Byers' employment agreement, Mr. Byers would receive continuation of, or payment of cost of, benefits for the remaining two-year term of employment, assuming the employment agreement was not renewed and Mr. Byers' employment was terminated on December 31, 2008. These benefits ("benefits") include life, health and disability insurance; benefits under our Defined Benefit Plan and Deferred Compensation Agreement; employer contributions to our 401(k) Plan; and perquisites.
- (5) Under Mr. Byers' change in control severance agreement, he would receive continuation of, or payment of the cost of, "benefits" for 24 months.
- (6) As provided in our Omnibus Incentive Plan, in the case of stock options, this sum includes "in-the-money" amount (based on the closing price of FPIC common stock) of all previously unexercisable options at December 31, 2008. In the case of restricted stock, this sum includes the number of previously unvested shares multiplied by the closing price of FPIC common stock on December 31, 2008. In the case of performance units, this sum includes the number of shares to be paid out assuming achievement of target performance multiplied by the closing price of FPIC common stock on December 31, 2008.
- (7) Payment of any annual incentive award would be at the discretion of the Compensation Committee.
- (8) As provided under Mr. Byers' change in control severance agreement, Mr. Byers would receive a lump sum payment of three times the greater of his target award for the current year or the average annual award for the three prior years. The amount shown is three times Mr. Byers' 2009 target award.
- (9) Upon a change in control of the Company, Mr. Byers may be subject to certain excise taxes pursuant to Section 4999 of the Code. We have agreed to reimburse Mr. Byers for all excise taxes that are imposed on him under Section 4999 and any income and excise taxes that are payable by him as a result of any reimbursements for Section 4999 excise taxes. The calculation of the Section 4999 gross-up amount in the above tables is based upon a Section 4999 excise tax rate of 20%, a 35% federal income tax rate, and a 1.45% Medicare tax rate.

**Mr. Divita:**

<b>Executive Benefits and Payments upon Termination</b>	<b>Not in connection with change in control</b>	<b>In connection with a change of control</b>
Base salary <sup>(1)</sup>	\$ 379,600	<sup>(2)</sup> \$ 759,200 <sup>(3)</sup>
Continuation of benefits	\$ 106,942	<sup>(4)</sup> \$ 216,871 <sup>(5)</sup>
Value of stock options, performance units and restricted stock	\$ —	\$ 587,940 <sup>(6)</sup>
Cash award under Annual Incentive Plan	\$ —	<sup>(7)</sup> \$ 379,600 <sup>(8)</sup>
<b>Total</b>	<b>\$ 486,542</b>	<b>\$ 1,943,611</b>

(1) Assumes annual salary effective January 1, 2009.

(2) Under Mr. Divita's employment agreement, Mr. Divita would receive continuation of annual salary for the remaining term of his employment. This would be for one year, assuming the employment agreement was not renewed and Mr. Divita's employment was terminated on December 31, 2008.

(3) Under Mr. Divita's change in control severance agreement, Mr. Divita would receive a lump sum payment equal to two times his base salary then in effect.

- (4) As provided under Mr. Divita's employment agreement, Mr. Divita would receive continuation of, or payment of the cost of, benefits for the remaining one year term of employment, assuming the employment agreement was not renewed and Mr. Divita's employment was terminated on December 31, 2008.
- (5) Under Mr. Divita's change in control severance agreement, he would receive continuation of, or payment of the cost of, "benefits" for 24 months.
- (6) As provided in our Omnibus Incentive Plan, in the case of stock options, this sum includes "in-the-money" amount (based on the closing price of FPIC common stock) of all previously unexercisable options at December 31, 2008. In the case of restricted stock, this sum includes the number of previously unvested shares multiplied by the closing price of FPIC common stock on December 31, 2008. In the case of performance units, includes the number of shares to be paid out assuming achievement of target performance multiplied by the closing price of FPIC common stock on December 31, 2008.
- (7) Payment of any annual incentive award would be at the discretion of the Compensation Committee.
- (8) As provided under Mr. Divita's change in control severance agreement, Mr. Divita would receive a lump sum payment of two times the greater of his target award for the current year or the average annual award for the three prior years. The amount shown is two times Mr. Divita's 2009 target award.

**Mr. White:**

<b>Executive Benefits and Payments upon Termination</b>	<b>Not in connection with change in control</b>	<b>In connection with a change of control</b>
Base salary <sup>(1)</sup>	\$ 454,272	<sup>(2)</sup> \$ 908,544 <sup>(3)</sup>
Continuation of benefits	\$ 205,470	<sup>(4)</sup> \$ 419,676 <sup>(5)</sup>
Value of stock options, performance units and restricted stock	\$ —	\$ 587,940 <sup>(6)</sup>
Cash award under Annual Incentive Plan	\$ —	<sup>(7)</sup> \$ 454,272 <sup>(8)</sup>
<b>Total</b>	<b>\$ 659,742</b>	<b>\$ 2,370,432</b>

- (1) Assumes annual salary effective January 1, 2009.
- (2) Under Mr. White's employment agreement, Mr. White would receive continuation of annual salary for the remaining term of his employment. This would be for one year, assuming the employment agreement was not renewed and Mr. White's employment was terminated on December 31, 2008.
- (3) Under Mr. White's change in control severance agreement, Mr. White would receive a lump sum payment equal to two times his base salary then in effect.
- (4) As provided under Mr. White's employment agreement, Mr. White would receive continuation of, or payment of the cost of, benefits for the remaining one year term of employment, assuming the employment agreement was not renewed and Mr. White's employment was terminated on December 31, 2008.
- (5) Under Mr. White's change in control severance agreement, he would receive continuation of, or payment of the cost of, "benefits" for 24 months.

- (6) As provided in our Omnibus Incentive Plan, in the case of stock options, this sum includes “in-the-money” amount (based on the closing price of FPIC common stock) of all previously unexercisable options at December 31, 2008. In the case of restricted stock, this sum includes the number of previously unvested shares multiplied by the closing price of FPIC common stock on December 31, 2008. In the case of performance units, includes number of shares to be paid out assuming achievement of target performance multiplied by the closing price of FPIC common stock on December 31, 2008.
- (7) Payment of any annual incentive award would be at the discretion of the Compensation Committee.
- (8) As provided under Mr. White’s change in control severance agreement, Mr. White would receive a lump sum payment of two times the greater of his target award for the current year or the average annual award for the three prior years. The amount shown is two times Mr. White’s 2009 target award.

*Death or Disability.* In the event of Mr. Byers’ death, Mr. Byers’ surviving spouse would be eligible to receive a death benefit under our Defined Benefit Plan. Mr. Byers’ beneficiary would also receive the \$3,400,000 proceeds of executive life insurance policies paid for by us. In addition, the shares of restricted stock held by Mr. Byers (25,722 shares with an aggregate market value of \$1,126,109 at December 31, 2008) would vest upon his death. In addition, performance units held by Mr. Byers (12,316 performance units with a target payout of 12,316 shares with a market value of \$539,194 at December 31, 2008) would vest upon his death.

In the event of Mr. Byers’ disability, Mr. Byers would receive \$236,400 per year under a disability insurance policy paid for by us. In addition, the shares of restricted stock held by Mr. Byers (25,722 shares with an aggregate market value of \$1,126,109 at December 31, 2008) would vest upon his disability. In addition, performance units held by Mr. Byers (12,316 performance units with a target payout of 12,316 shares with a market value of \$539,194 at December 31, 2008) would vest upon his disability.

In the event of the death of either Messrs. Divita or White, their surviving spouses would be eligible to receive a death benefit under our Defined Benefit Plan. Their beneficiaries would also receive the proceeds (\$600,000 in the case of Mr. Divita and \$1,450,000 in the case of Mr. White) of executive life insurance policies paid for by us. In addition, the shares of restricted stock held by Messrs. Divita and White (6,303 shares each with an aggregate market value of \$275,945 at December 31, 2008) would vest upon their death. In addition, performance units held by each of Messrs. Divita and White (6,158 performance units with a target payout of 6,158 shares with a market value of \$269,597 at December 31, 2008) would vest upon their death.

In the event of disability of either Messrs. Divita or White, they would receive benefits (\$240,000 per year in the case of Mr. Divita and \$186,696 in the case of Mr. White) under disability insurance policies paid for by us. In addition, the shares of restricted stock held by Messrs. Divita and White (6,303 shares each with an aggregate market value of \$275,945 at December 31, 2008) would vest upon their disability. In addition, performance units held by each of Messrs. Divita and White (6,158 performance units with a target payout of 6,158 shares with a market value of \$269,597 at December 31, 2008) would vest upon their disability.

Payment of any amount under our Senior Executive Annual Incentive Plan in the event of their death or disability would be in the discretion of the Compensation Committee.

*Other Change in Control Benefits.* Outstanding awards of restricted stock, performance units or stock options made under our Omnibus Incentive Plan vest immediately upon a change in control, regardless of whether an executive's employment is terminated. At December 31, 2008, the value of shares of unvested restricted stock, performance units (valued assuming a 100 percent payout percentage) and unexercisable stock options was: \$1,858,558 for Mr. Byers; \$587,940 for Mr. Divita; and \$587,940 for Mr. White.

## Equity Compensation Plan Information

Under our equity compensation plans, we may grant incentive stock options, nonqualified stock options and restricted stock to individuals. The number of securities remaining available for future issuance under equity compensation plans includes stock option and restricted stock grants. Information concerning our securities authorized for issuance under equity compensation plans as of December 31, 2008 is provided below.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted- Average Exercise Price of Outstanding Options, Warrants and Rights <sup>(1)</sup>	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by shareholders	526,562	\$21.80	922,093
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>526,562</b>	<b>\$21.80</b>	<b>922,093</b>

(1) Under our equity compensation plans, we have granted shares in the form of restricted stock awards, including performance-based awards. As of December 31, 2008, there were 106,251 issued and outstanding shares of such awards under these plans. Because there is no exercise price associated with restricted share awards, which are granted to employees and directors at no cost, such shares are not included in the weighted average exercise price calculation.

## Compensation Committee Interlocks and Insider Participation

During 2008, none of our executive officers served as a director of, or as a member of the compensation or equivalent committee of, any other entity, one of whose executive officers served on our Compensation Committee or otherwise as a member of the Board of Directors.



## Beneficial Ownership of FPIC Common Stock

### Principal Shareholders

The following table sets forth certain information with respect to the only persons known to us that beneficially owned more than five percent of the outstanding shares of FPIC common stock as of March 13, 2009.

Name of Beneficial Owner	Shares Beneficially Owned	Percentage of Ownership
Dimensional Fund Advisors, LP <sup>(1)</sup> Palisades West, Building One 6300 Bee Cave Road Austin, Texas 78746	838,551	10.41%
Davis Selected Advisers, L.P. <sup>(2)</sup> 2949 East Elvira Road, Suite 101 Tuscon, Arizona 85756	423,894	5.26%
Barclays Global Investors, N.A. <sup>(3)</sup> 400 Howard Street San Francisco, California 94105	461,146	5.72%

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- (1) As reported on a Statement on Schedule 13G filed with the SEC on February 9, 2009, Dimensional Fund Advisors LP (formerly, Dimensional Fund Advisors, Inc.) (“Dimensional”) is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940. In its role as investment advisor or manager, Dimensional possesses shared power to vote or to direct the vote of 827,798 shares and shared power to dispose or to direct the disposition of 838,551 shares. All shares reported are owned by advisory clients of Dimensional, no one of which, to the knowledge of Dimensional, owns more than five percent of the class. Dimensional disclaims beneficial ownership of such shares.
- (2) As reported on a Statement on Schedule 13G filed with the SEC on February 13, 2009.
- (3) As reported on a Statement on Schedule 13G filed with the SEC on February 5, 2009, Barclays Global Investors, N.A. and Barclays Global Fund Advisors (collectively “Barclays”), is a bank and an investment advisor, respectively. In its role as bank and investment advisor, Barclays possesses in the aggregate sole power to vote or to direct the vote of 426,872 shares and sole power to dispose or direct the disposition of 461,146 shares.

## Beneficial Ownership by Directors and Executive Officers

The following table sets forth as of March 13, 2009, the beneficial ownership of FPIC common stock by each of our directors, by each of our executive officers serving as such on December 31, 2008, and all of our directors and executive officers as a group.

Name of Beneficial Owner	Shares Beneficially Owned <sup>(1)</sup>	Percentage of Ownership <sup>(2)</sup>
John K. Anderson, Jr. <sup>(3)</sup>	34,800	*
Richard J. Bagby, M.D. <sup>(3), (4)</sup>	24,600	*
Robert O. Baratta, M.D. <sup>(3), (5)</sup>	55,625	*
John R. Byers <sup>(6)</sup>	325,598	4.2%
M. C. Harden, III <sup>(3)</sup>	39,800	*
Kenneth M. Kirschner <sup>(3), (7)</sup>	25,000	*
Terence P. McCoy, M.D. <sup>(3), (8)</sup>	40,713	*
John G. Rich <sup>(3)</sup>	1,187	*
Joan D. Ruffier <sup>(3)</sup>	30,990	*
David M. Shapiro, M.D. <sup>(3)</sup>	29,500	*
Charles Divita, III <sup>(9)</sup>	49,570	*
Robert E. White, Jr. <sup>(10)</sup>	84,474	1.1%
All directors and executive officers as of a group (12 persons) <sup>(11)</sup>	741,857	9.7%

\* Less than 1.0% of the total outstanding shares of FPIC common stock.

- (1) Shares beneficially owned include unvested restricted shares.
- (2) Based on an aggregate of (i) the number of shares of FPIC common stock outstanding at March 13, 2009 and (ii) options held by the person shown that are exercisable as of March 13, 2009, or that are exercisable within 60 days of March 13, 2009.
- (3) Includes shares that may be acquired upon exercise of vested nonqualified options, as follows:

Mr. Anderson	25,000	Dr. McCoy	15,000
Dr. Bagby	15,000	Mr. Rich	—
Dr. Baratta	—	Ms. Ruffier	20,000
Mr. Harden	25,000	Dr. Shapiro	26,500
Mr. Kirschner	20,000		
- (4) Includes 5,175 shares held for Dr. Bagby's grandson.
- (5) Includes 32,162 shares pledged to secure certain indebtedness.
- (6) Includes (i) 231,166 shares that may be acquired upon the exercise of exercisable options and (ii) 19,324 shares of unvested restricted stock, one-half of which will vest on each of January 26, 2010 and 2012.
- (7) Includes 4,000 shares pledged in a brokerage margin account.
- (8) Excludes 9,200 shares held in trust for Dr. McCoy's son as to which Dr. McCoy disclaims beneficial ownership.
- (9) Includes 26,127 shares that may be acquired upon exercise of exercisable options. Includes 14,301 shares pledged in a brokerage margin account.
- (10) Includes 26,256 shares that may be acquired upon exercise of exercisable options.
- (11) Includes an aggregate of 430,049 shares that may be acquired upon the exercise of exercisable options. Excludes 9,200 shares held by or on behalf of family members as to which beneficial ownership is disclaimed. Includes an aggregate of 50,463 shares pledged to secure indebtedness and in brokerage margin accounts.

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act and related regulations require executive officers, directors and persons who beneficially own more than 10% of the outstanding shares of FPIC common stock:

- to file reports of their ownership and changes in ownership of common stock with the SEC and NASDAQ; and
- to furnish us with copies of the reports.

Based solely on written representations from certain persons and on our review of the reports filed, we believe that all filing requirements have been timely met during 2008.

## **Certain Relationships and Related Transactions**

M. C. Harden, III, a director of the Company, is also chairman of the board and chief executive officer and a majority shareholder of Harden & Associates, an insurance broker and risk management and employee benefits consultant located in Jacksonville, Florida. Harden & Associates acts as an agent for First Professionals and for Anesthesiologists Professional Assurance Company. Harden & Associates earned approximately \$413,620 of commission income from us during 2008 as a result of this agency relationship. Harden & Associates also acts as a broker for us in the procurement of various business insurance coverages. Harden & Associates earned approximately \$61,390 during 2008 as a result of its brokerage relationship with us.

We paid a law firm located in Jacksonville, Florida, of which Kenneth M. Kirschner, Chairman of our Board of Directors, is counsel, approximately \$156,491 in 2008.

## **Policies and Procedures Relating to Transactions with Related Persons**

Transactions with related persons are reviewed, approved or ratified in accordance with the policies and procedures set forth in our Code of Conduct and employee handbook, the procedures described below with respect to director and officer questionnaires, and the other procedures described below.

Our Code of Conduct and employee handbook provide that conflicts of interest are prohibited as a matter of Company policy, except when reported to and approved by our Board. Any employee, officer or director who becomes aware of a conflict or potential conflict is required to bring the matter to the attention of a supervisor, manager or other appropriate personnel. A conflict of interest exists when an individual's personal interest, or that of a family member or other related party, is adverse to or otherwise in conflict with the interests of the Company. Our Code of Conduct and employee handbook set forth several examples of conflicts of interest, including:

- engaging in business in competition with the Company;
- executive officers' serving on the boards of directors of other entities without approval of our Board;
- having an interest in a company that transacts business with the Company;
- providing or receiving special treatment to or from persons conducting business with the Company; or
- giving or receiving gifts in excess of Company guidelines.

Each year we require all our directors, nominees for director and our executive officers to complete and sign a questionnaire in connection with the solicitation of proxies for use at our annual shareholders meeting. The purpose of the questionnaire is to obtain information, including information regarding transactions with related persons, for inclusion in our proxy statement or annual report.

In addition, we annually review SEC filings made by beneficial owners of more than five percent of any class of our voting securities to determine whether information relating to transactions with such persons needs to be included in our proxy statement or annual report.

## **Proposal 2**

### **Ratification of Appointment of Independent Registered Certified Public Accounting Firm**

Our Board of Directors has appointed PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") to act as our independent registered certified public accounting firm ("Independent Accounting Firm") for 2009, subject to satisfactory completion of fee negotiations later in 2009. PricewaterhouseCoopers was initially appointed and has served as our Independent Accounting Firm since 2000. Representatives of PricewaterhouseCoopers are expected to be present at the annual meeting and will be available to respond to appropriate questions and will have the opportunity to make a statement, if they desire.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE  
APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY'S INDEPENDENT  
REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM FOR 2009.**

### **Principal Accountant Fees and Services**

Aggregate fees for professional services rendered for us by PricewaterhouseCoopers for the years ended December 31, 2008 and 2007, were:

	<b>2008</b>		<b>2007</b>	
	<b>2008</b>	<b>Percentage of Total Fees</b>	<b>2007</b>	<b>Percentage of Total Fees</b>
Audit Fees	\$ 1,055,387	89 %	\$ 1,056,400	88 %
Audit-Related Fees	—	—	—	—
Tax Fees	121,360	10 %	137,100	11 %
All Other Fees	7,500	1 %	10,175	1 %
Total Fees	\$ 1,184,247	100 %	\$ 1,203,675	100 %

**Audit Fees** for the years ended December 31, 2008 and 2007, respectively, were for professional services rendered for the audits of our consolidated financial statements and subsidiary audits, including internal control reviews, statutory audits, consents and assistance with review of periodic reports and other documents filed with the SEC, including registration statements. PricewaterhouseCoopers has represented to us that no professional services of PricewaterhouseCoopers relating to the audit of our financial statements for the most recent year were performed by other than full-time, permanent employees of PricewaterhouseCoopers.

**Audit-Related Fees** for the years ended December 31, 2008 and 2007, respectively, were for services related to accounting consultations concerning financial accounting and reporting standards.

**Tax Fees** for the years ended December 31, 2008 and 2007, respectively, were for services related to tax compliance, including the preparation of tax returns, tax planning services and tax advice services and assistance with Internal Revenue Service audits during 2008 and 2007.

**All Other Fees** for the years ended December 31, 2008 and 2007, respectively, were for software license fees for a technical accounting research tool.

The Audit Committee has considered the nonaudit services provided by PricewaterhouseCoopers during 2008 and believes such services to be compatible with maintaining PricewaterhouseCoopers' independence.

All decisions regarding selection of independent accounting firms and approval of accounting services and fees are made by the Audit Committee in accordance with the provisions of the Sarbanes-Oxley Act of 2002, the Exchange Act, and the rules thereunder.

All services to be performed for us by our Independent Accounting Firm must be pre-approved by the Audit Committee or a designated member of the Audit Committee pursuant to the committee's pre-approval policy to ensure that the provision of such services does not impair the independence of our Independent Accounting Firm.

The Audit Committee has adopted procedures for general and specific pre-approval of audit and nonaudit services performed by our Independent Accounting Firm. Any proposed service exceeding pre-approval levels, or not contemplated by the pre-approval policy, requires specific pre-approval by the Audit Committee.

Audit services pre-approved for 2008 include financial and statutory audits, internal control reviews, services associated with SEC filings and consultations regarding the impact of final or proposed rules, standards and interpretations by the SEC or other regulatory or standard setting bodies.

Audit related services pre-approved for 2008 include due diligence services, agreed-upon or expanded procedures, attestation services and consultations as to accounting or disclosure treatment of transactions not otherwise included in audit services.

Tax services pre-approved for 2008 primarily include services related to federal and state tax compliance and tax planning.

Prohibited services identified by the Audit Committee include services relating to preparation of accounting records or financial statements, information systems design and implementation, appraisal or valuation, internal audit, management, human resources, investment matters, legal issues and actuarial calculations.

## Report of the Audit Committee

*The following Report of the Audit Committee does not constitute soliciting material and shall not be deemed to be incorporated by reference into any other previous or future filings by us under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate this report by reference therein.*

The Audit Committee of the Board of Directors of the Company is composed of four directors, each of whom has been determined to be independent as defined in the listing standards of NASDAQ. The Audit Committee has adopted, and annually reviews, a charter outlining the practices it follows. The charter complies with all current regulatory requirements. A copy of the charter is available on the Corporate Governance page of our website at [www.fpic.com](http://www.fpic.com).

The Audit Committee oversees the Company's accounting, financial reporting and related internal control processes and the audits of the Company's financial statements. The Audit Committee also provides assistance to the Board of Directors with respect to its oversight of the integrity of the Company's financial statements and oversees the Company's compliance with legal and regulatory requirements, the qualifications and independence of the Company's Independent Accounting Firm, and the performance of the Company's internal audit function.

The effectiveness of the Audit Committee is evaluated by the Board of Directors as required by the Sarbanes-Oxley Act of 2002 and NASDAQ. The Board of Directors, after review and consideration, acknowledged the effectiveness of the Audit Committee during 2008.

As set forth in the Audit Committee's charter, management is responsible for the preparation, presentation and integrity of the Company's financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

The Company's Independent Accounting Firm is responsible for planning and carrying out proper annual audits and quarterly reviews of the Company's financial statements. The Company's Independent Accounting Firm expresses opinions as to (i) the conformity of the annual financial statements with GAAP; and (ii) the effectiveness of the Company's internal control over financial reporting.

Members of the Audit Committee are not employees of the Company and, as such, it is not the duty or responsibility of the Audit Committee or its members to conduct auditing or accounting reviews or procedures. In performing their oversight responsibility, members of the Audit Committee rely on information, opinions, reports and statements, including financial statements and other financial data, prepared or presented by officers or employees of the Company, legal counsel, the Company's Independent Accounting Firm or other persons with professional or expert competence. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles, policies or appropriate internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

Furthermore, the Audit Committee's considerations and discussions referred to above do not ensure that the audit of the Company's financial statements by the Company's Independent Accounting Firm has been carried out in accordance with standards of the Public Company Accounting Oversight Board (United States), that the financial statements are presented in accordance with GAAP or that the Company's Independent Accounting Firm is in fact "independent."

During 2008, the Audit Committee held six meetings, with members of the Company's senior management participating in all of its meetings and with the Independent Accounting Firm participating in all of its meetings. The Audit Committee's agenda includes, when appropriate, separate private sessions with the Company's Independent Accounting Firm, independent actuary and internal auditor, at which time candid discussions regarding financial management, accounting and internal control issues take place with the Independent Accounting Firm and internal auditor and discussions regarding actuarial assumptions and related issues take place with the independent actuary. During 2008 and through March 31, 2009, the Company's Independent Accounting Firm met in private sessions with the Audit Committee six times; and the Company's internal auditor met in a private session with the Audit Committee six times. The Audit Committee's chairman, together with members of senior management of the Company, establishes the Audit Committee's agenda.

During 2008, in connection with its oversight of the Company's financial reporting process, the Audit Committee, among other things:

- Reviewed and discussed with management and with representatives of PricewaterhouseCoopers, the Company's Independent Accounting Firm, the Company's internal control over financial reporting, including a review of management's and the Company's Independent Accounting Firm's assessment of reports on the effectiveness of the Company's internal controls over financial reporting and any significant deficiencies or material weaknesses;
- Considered, reviewed and discussed the Company's overall audit scope and audited financial statements with management and the Company's Independent Accounting Firm, including a discussion of the quality of the accounting principles, the reasonableness thereof, significant adjustments, if any, and the clarity of disclosure in the financial statements, as well as critical accounting policies;
- Reviewed and discussed with management and with representatives of the Company's Independent Accounting Firm the Company's unaudited quarterly financial statements contained in its Quarterly Reports on Form 10-Q and its quarterly earnings announcements;
- Discussed with the Company's Independent Accounting Firm the matters required to be discussed by Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as amended by Statement of Auditing Standards No. 90, *Audit Committee Communications*;
- Received the written disclosures and the letter from the Independent Accounting Firm required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as currently in effect, including disclosures with respect to nonaudit services provided by the Independent Accounting Firm;
- Considered whether the provision of all nonaudit services by the Independent Accounting Firm is compatible with maintaining the Independent Accounting Firm's independence and discussed such independence with the Company's Independent Accounting Firm;

- Recommended to the Board of Directors the engagement of PricewaterhouseCoopers as the Company's Independent Accounting Firm for the year ended December 31, 2008; and
- In reliance upon the reports, reviews and discussions described in this report and subject to the limitations on the role and responsibilities of the Audit Committee, certain of which are referred to above and are more fully described in the Audit Committee's written charter, the Audit Committee further recommended to the Board of Directors and the Board of Directors approved, inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC.

**Audit Committee Report  
Submitted by:**

*John K. Anderson, Jr., Chairman  
Terence P. McCoy, M.D.  
John G. Rich  
Joan D. Ruffier*

**Additional Information**

**Other Matters**

Our Board of Directors knows of no other matters that may properly be presented to the annual meeting. If any other matters do properly come before the annual meeting, however, the persons appointed in the accompanying proxy intend to vote the shares represented by such proxy in accordance with their best judgment.

**Shareholder Proposals and Nominations**

We must receive proposals of shareholders intended to be presented at the 2010 annual meeting of shareholders, on or before December 15, 2009, in order for the proposals to be eligible for inclusion in our proxy statement and proxy materials relating to that meeting. These proposals should be sent to our principal executive office via facsimile transmission to (904) 633-9579, or by mail to the Office of the Secretary, 225 Water Street, Suite 1400, Jacksonville, Florida 32202, or by e-mail to [ir@fpic.com](mailto:ir@fpic.com), Attention: Secretary. Any such proposals must comply with SEC Rule 14a-8.

In addition, under Article I, Section 12 of our bylaws and pursuant to Rule 14a-5(e)(2) of the SEC, a proposal for action to be presented by any shareholder at the annual meeting of shareholders is out of order and will not be acted upon unless:

- the proposal is specifically described in our notice to all shareholders of the meeting and the matters to be acted upon at the meeting, or
- the proposal has been submitted in writing to the Secretary by fax, mail or e-mail, has been received at our principal executive office before December 15, 2009, and is an appropriate subject for shareholder action under law.



To be in proper form, a shareholder's notice to the Secretary regarding nominations for election as a director or business proposed to be brought before any shareholder meeting must set forth the following:

- the name and address of the shareholder who intends to make the nominations or to propose the business and, if applicable, the name and address of the person or persons to be nominated;
- a representation that the shareholder is a holder of record of our common stock entitled to vote at such meeting and, if applicable, intends to appear in person or by proxy at the meeting to nominate the person or persons or to propose the business specified in the notice;
- if applicable, a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder;
- such other information regarding each nominee or each matter of business to be proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated, or the matter been proposed, by the Board of Directors; and
- if applicable, the consent of each nominee to serve as director of the Company if so elected.

The chairman of the meeting will refuse to acknowledge the nomination of any person or the proposal of any business not made in compliance with the foregoing procedure.

### **Shareholder Communication with Directors**

Shareholders who wish to communicate with the Board of Directors or with a particular director may send a letter to the Secretary of the Company at 225 Water Street, Suite 1400, Jacksonville, Florida 32202. The mailing envelope should contain a clear notation indicating that the enclosed letter is a "Shareholder-Board Communication" or "Shareholder-Director Communication." All such letters should identify the author as a shareholder and clearly state whether the intended recipients are all members of the Board of Directors or just certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

### **Annual Report on Form 10-K**

**A copy of our Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2008, including financial statements, financial statement schedules and a listing of all exhibits, is contained in our 2008 annual report to shareholders, which is being provided to each shareholder solicited.** We will also furnish upon request a copy of any exhibit, upon payment of a reasonable fee to cover the cost of copying and mailing the exhibit. Requests should be directed to the attention of Investor Relations, FPIC Insurance Group, Inc., 225 Water Street, Suite 1400, Jacksonville, Florida 32202. Requests may also be submitted through our website at [www.fpic.com](http://www.fpic.com), via e-mail at [ir@fpic.com](mailto:ir@fpic.com) or by calling Investor Relations at (904) 354-2482 ext. 3612.

## **Solicitation of Proxies**

The cost of the solicitation of proxies, including preparing and mailing the notice of annual meeting of shareholders, this Proxy Statement and the proxy/voting instruction card, will be borne by us. Following the mailing of this Proxy Statement, our directors, officers and employees may solicit proxies by telephone, facsimile transmission or other personal contact, for which services such persons will receive no additional compensation.

Brokerage houses and other nominees, fiduciaries and custodians that are shareholders of record will be requested to forward proxy soliciting material to the beneficial owners of such shares and will be reimbursed by us for their charges and expenses in connection therewith at customary and reasonable rates.

Jacksonville, Florida  
April 15, 2009

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COMPUTERSHAREINVESTOR SERVICES LLC  
ATTN: ESSENTIALREGISTRY  
350 INDIANA STREET  
SUITE 750  
GOLDEN, COLORADO 80401

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M., Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs to our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch tone telephone to transmit your voting instructions up until 11:59 P.M., Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M13525-P7447-S

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY/VOTING INSTRUCTION CARD IS VALID ONLY WHEN SIGNED AND DATED.

DETACH AND RETURN THIS PORTION ONLY

FOR INFORMATION ONLY	For All	Withhold All	For All Except	To withhold all votes, to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.
<p>This Proxy will be voted as directed. If no direction is made, it will be voted "FOR" the proposal set forth below and "FOR" each nominee.</p> <p>The Board of Directors recommends that you vote FOR the following:</p> <p>Proposal No. 1. Election of Directors. Nominees: 01) Richard J. Bagby, M.D. 02) Robert O. Baratta, M.D. 03) John R. Byers 04) Terence P. McCoy, M.D.</p> <p>The Board of Directors recommends a vote FOR the following proposal:</p> <p>Proposal No. 2. Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered certified public accounting firm for 2009.</p> <p>NOTE: Such other business as may properly come before the meeting or any adjournment thereof.</p> <p>PLEASE DATE THIS PROXY AND SIGN EXACTLY AS YOUR NAME OR NAMES APPEAR(S) HEREON. WHERE MORE THAN ONE OWNER IS SHOWN, EACH SHOULD SIGN. WHEN SIGNING IN A FIDUCIARY OR REPRESENTATIVE CAPACITY, PLEASE GIVE FULL TITLE. IF ANY PROXY IS SUBMITTED BY A CORPORATION, IT SHOULD BE EXECUTED IN FULL CORPORATE NAME BY A DULY AUTHORIZED OFFICER. IF ANY PROXY IS SUBMITTED BY A PARTNERSHIP, IT SHOULD BE EXECUTED IN THE PARTNERSHIP NAME BY AN AUTHORIZED PERSON.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	_____
Signature (PLEASE SIGN WITHIN BOX)	Date	Signature (Joint Owners)	Date	

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:  
The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

M 13526-P7 4475

**PROXY/VOTING INSTRUCTION CARD**  
**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**  
**FPIC INSURANCE GROUP, INC.**  
**ANNUAL MEETING OF SHAREHOLDERS**  
**June 5, 2009**

The undersigned shareholder hereby appoints Pamela D. Harvey and Becky A. Thackery, or either of them, as proxies, with full power of substitution, to vote all shares of common stock of FPIC Insurance Group, Inc. ("FPIC") held of record by the undersigned on April 1, 2009, that the undersigned would be entitled to vote if personally present at the annual meeting of shareholders of FPIC on June 5, 2009, and at any adjournment or postponement thereof, upon all subjects that may properly come before the meeting, including the matters described in the proxy statement furnished herewith, subject to any directions indicated on the other side of this card.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THE NOMINEES AND "FOR" PROPOSAL 2.

Your vote is important. Please sign and date on the reverse side and return promptly in the enclosed postage-paid envelope.

This proxy will be voted as directed, or, if no directions are given, the proxy will be voted "FOR" election of all nominees for director listed on the other side of this card. If any other matters are properly presented for consideration at the meeting, the proxies are authorized to vote on those matters according to their best judgment. The undersigned hereby revokes any proxy heretofore given to any person or persons whomsoever (other than the proxies named above).

Continued and to be dated and signed on reverse side