



Guide to Ethical Corporate Conduct

**Before You Act,
Ask Yourself**

Remember These Rules

Integrity: Doing What is Right

- Is it legal?
 - Does it follow the Company's guiding beliefs?
 - Is it right?
 - How would it look outside the Company? For example, how would it look to our policyholders, the people in our communities and the general public?
-
- Know the standards that apply to your job and follow them — always.
 - If you are ever unsure of the right thing to do, ask. Do not stop asking until you get the answer.

**From the Board of
Directors of Employers
Mutual Casualty Company**

We are very proud to be a part of the EMC Insurance Companies family (the “Company”). The Company recognizes the responsibilities it owes to policyholders, customers, business partners, agents, employees, stockholders and the communities in which we reside or do business. These groups expect us to act with honesty and integrity, and to live up to the Count on EMC promise. In order to deliver on that promise, we must operate within both the letter and the spirit of the law, as well as other accepted standards of business conduct reflected in Company policies. This guide is a reaffirmation of our shared commitment to our guiding beliefs. Our commitment to honesty and integrity begins by ensuring that everyone who is a part of the Company understands our guiding beliefs—the values that define how we conduct ourselves—both as employees and as decision-makers.

These four guiding beliefs are the foundation of the Company’s *Guide to Ethical Corporate Conduct*:

HONESTY AND INTEGRITY

We say what needs to be said, when it needs to be said, despite how difficult or unpopular this may be. If we make a mistake, we will own up to it and we expect others to do likewise. In this way, we can quickly move toward problem solving, not finger pointing. Integrity means we will do the right thing—always.

SERVICE

Service is each employee’s job at EMC. We must all take personal responsibility for addressing fellow employee, agent and policyholder concerns and questions, and for solving their problems. We must prove ourselves every day.

TEAMWORK

Collaboration is the key to our team-oriented workplace. By sharing ideas, seeking input from coworkers, agents, policyholders and others, EMC employees seek win-win solutions. This collaboration must extend beyond our individual work areas to integrate unit, department and branch operations.

CONTINUOUS IMPROVEMENT

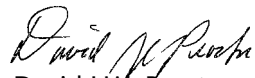
Continuous improvement is the relentless pursuit of excellence. All of us at EMC must continually look for ways to improve what we do and how we do it. By evaluating past performance, setting challenging goals and searching for new opportunities, we will always be making improvements at EMC.

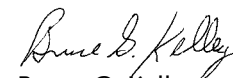
This *Guide to Ethical Corporate Conduct* is a key resource in our commitment to honesty and integrity. Read the guide carefully. This guide, together with any specific guidelines your department may have, will help you understand what is expected of you and help you make good decisions.

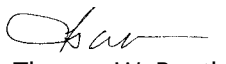
We all share the responsibility to make our guiding beliefs a vital part of our business activities. As we all know, a positive reputation is hard to earn, but easy to lose. It took nearly 100 years to reach our current status, and our continued success and growth depends upon maintaining the trust we have built. Our boards of directors, management and all employees must adhere to the highest standards of integrity and to full compliance with the laws, regulations and policies that affect the conduct of our business.

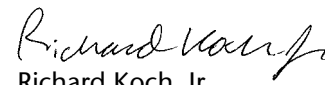
Together we can help ensure that being a part of EMC Insurance Companies is a source of great pride.

Sincerely,

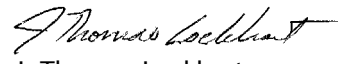

David J.W. Proctor
Chairman


Bruce G. Kelley
President & CEO



Thomas W. Booth

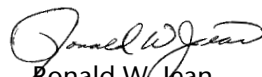

Richard Koch, Jr.



John C. Burgeson

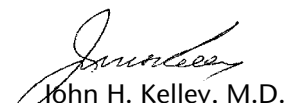

J. Thomas Lockhart


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What is the Purpose of This Guide?

What You Should Know About the Guide to Ethical Corporate Conduct

This guide organizes, summarizes and updates policies that have been in place for years. It provides general guidance to assist us in acting with the highest standards of personal and professional integrity in all aspects of our activities and in meeting both the letter and the spirit of applicable laws. We must never compromise that integrity, either for personal benefit or for the Company's purported benefit.

Laws and standards for business conduct are more demanding than ever. Failing to meet these standards could expose the Company to very serious harm. Moreover, it is wrong. Specifically, this guide seeks to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Compliance with applicable laws, rules and regulations;
- Appropriate internal controls to promote full, fair, accurate, timely and understandable disclosures in all of the reports and documents produced by the Company; and
- Accountability for our actions and the results they create.

Integrity means living up to the standards—laws and our Company policies—to which we have committed the Company.

Who Should Follow This Guide?

The Company includes Employers Mutual Casualty Company ("EMCC"), EMCC's operating subsidiaries and affiliates, and EMCC's publicly-held holding company, EMC Insurance Group Inc. ("Group"). Every employee, officer, manager and director (collectively "you," "we," or "us") associated with the Company must follow the standards set out in this guide and should consult the guide when acting on behalf of the Company. Also, those of us who engage vendors, consultants, agents, temporary workers and/or other independent contractors must monitor the work they do on behalf of the Company to ensure that they act in a manner consistent with the principles of this guide. If you deal with such individuals or entities, you should contact your supervisor, the Corporate Compliance Officer or the Legal Department for guidance.

Waivers

If you believe a waiver of a provision in this guide is necessary and warranted, you should contact the Corporate Compliance Officer, who will notify the appropriate decision-maker. In the highly unlikely event that such a waiver is granted, it will be limited and qualified to protect the Company to the greatest extent possible. Any waiver granted for directors or executive officers of Group must be approved by Group's Board of Directors, and will be promptly disclosed in a Form 8-K filing, along with the reasons for the waiver.

**Our Commitment
To Do What is Right**

Supervisors

**Does the Guide
Explain Everything
I Need To Know?**

Your Duty

This guide represents a commitment to do what is right. By working for, or being associated with, EMCC, we are agreeing to uphold this commitment. It is our responsibility to become familiar with these policies. If we fail to follow the standards set out in this guide and those in corporate or departmental operating policies, we put ourselves, our coworkers and the Company at risk. If you fail to meet this commitment you will also be subject to disciplinary action up to and including immediate termination.

Those of us who supervise others have additional responsibilities under the guide to:

- Set an example;
- Ensure that those we supervise have adequate knowledge and resources to follow the guide's standards;
- Monitor compliance of the people we supervise;
- Enforce the standards of this guide and all other related Company standards; and
- Support employees who in good faith raise questions or concerns about compliance and integrity. This means there must never be any form of retaliation against anyone who raises such questions or concerns.

This guide is a starting point – other corporate and departmental operating policies (such as the Company Computer Policy, the Safeguarding Procedures Manual, and the Company's Solicitation Policy) supplement the guide and may apply to your job. Many corporate policies can be found on eSource under the "Your Job" tab or on DocNet; these also contain the Employee Handbook, which includes various corporate policies. Make sure you know the rules that apply to you. To learn more about the laws, policies and procedures that apply to you, ask your supervisor, branch manager, functional vice president or the Corporate Compliance Officer.

Asking Questions and Raising Concerns

The Company cannot live up to its commitment to act with honesty and integrity if we, as individuals, do not speak up when we should. In addition to knowing the legal and ethical responsibilities that apply to your job, it is your responsibility to speak up if:

- You are unsure about the proper course of action and need advice;
- You believe someone acting on behalf of the Company is doing, or may be about to do, something that violates the law or the Company's compliance and integrity standards; or
- You believe that you may have been involved in misconduct.

Who Should I Contact?



Q: I think my supervisor is doing something that the guide says is wrong. I'm afraid to report her because she might make my job more difficult for me. What should I do?

A: If you do not feel comfortable talking to your supervisor about it directly, you can try one of the other resources listed. This is also an ideal situation for calling the Compliance Line. The Company will not tolerate retaliation against you in any form if your report is filed in good faith.

Failure to Report a Suspected Violation

Retaliation Prohibited

Compliance Line

The most important thing to do if you have a question or concern about compliance or our ethical standards is to ask the question or raise the concern.

Your supervisor is usually a good place to start with a compliance or ethical issue. You may also get help from the:

- Branch Manager or Functional Vice President;
- Corporate Compliance Officer;
- Legal Department;
- Human Resources Department;
- Director of Internal Audit; or
- Compliance Line.

You have a duty to report any known or suspected violations of this guide and, while you may initially be reluctant to get involved, it is important to note that the failure to report violations can have substantial consequences. If you fail to report a known or suspected violation, you may be subject to disciplinary actions, including termination. In addition, if you violate a law, you may also be subject to civil and criminal penalties. If you raise an issue and you do not believe that the issue has been satisfactorily addressed, you should raise it with another of the listed contacts.

The Company will not tolerate retaliation against anyone for using the reporting procedure in good faith or for testifying, assisting or participating in any manner in any investigation, proceeding or hearing conducted by the Company or a governmental agency.

If you are ever unsure about where to go or are uncomfortable about using one of the other resources identified in the guide, call the **Compliance Line**. The Compliance Line is operated by an independent company that reports calls to the Company, and is designed to enable the Company to respond to your concerns about compliance and ethical standards. The line operates twenty-four hours a day, seven days a week.

You can contact the Compliance Line toll free at **800-750-4972**.

What Happens When I Call?

If you call the Compliance Line, a specialist will listen and make a detailed summary of your call. The Compliance Line specialist will then forward that summary to the Director of Internal Audit, who will look into the matter or refer it to another member of the Compliance Committee for review. The specialist will issue you a report number and date to call back, provide additional information you might think of later and to ask you for additional information.

Anonymity

If you use the Compliance Line you may report anonymously. The Company does encourage you to identify yourself when making a report, as this will assist with follow-up inquiries when necessary. You will not be penalized for making a good-faith report of a suspected violation or for questioning the practices of the Company. The Company will not tolerate retaliation. The Company will take all reports seriously and each report will be investigated.

What Happens After the Company Receives a Report?

The Company will immediately undertake or direct a thorough and objective investigation of the allegations. If the Company determines that prohibited conduct has occurred, the Company will take effective remedial action commensurate with the circumstances, which could include immediate termination of the individuals involved. Appropriate action will also be taken to deter any similar conduct in the future.

Annual Acknowledgment and Disclosure Form

You will be required to sign a statement annually that you have read and understand this Guide to Ethical Corporate Conduct. This statement also requires you to state that you are in full compliance with the guide and that you are not aware of any unreported violations of this guide. If you are not in full compliance with the guide, or are aware of any unreported violations of this guide, you are required to disclose any such situations in the manner discussed above.

What We Expect

Equal Employment Opportunities

Harassment-Free Workplace



Q: I am a female employee. A male agent frequently makes personal comments about my appearance that make me uncomfortable. I have asked him to stop but he won't. What can I do about it?

A: You can — and should — contact your supervisor, the Human Resources Department or call the Compliance Line.

Safety in the Workplace

Work Environment

The Company is committed to fostering workplaces that are safe and professional, and that promote teamwork and trust. This includes a commitment to providing equal employment opportunities for all persons.

The Company is an equal opportunity employer and makes employment decisions on the basis of merit. We want to have the best available persons in every job. Company policy prohibits unlawful discrimination based on race, color, creed, sex, sexual orientation, religion, age, national origin or ancestry, physical or mental disability, medical condition, veteran status, or any other consideration made unlawful by federal, state or local laws. All such discrimination is wrong and will not be tolerated by the Company.

Having a professional work environment also means that the Company will not tolerate any type of harassment. The Company prohibits sexual harassment and harassment because of race, color, national origin, ancestry, religion, creed, physical or mental disability, sexual orientation, marital status, medical condition, veteran status, age, or any other basis protected by federal, state or local laws.

Sexual Harassment

Sexual harassment includes unwanted sexual advances, requests for sexual favors, or visual, verbal or physical conduct of a sexual nature when: (1) submission to the conduct is made a term or condition of employment; or (2) submission to or rejection of the conduct is used as a basis for employment decisions affecting the individual; or (3) the conduct has the purpose or effect of unreasonably interfering with the employee's work performance or creating an intimidating, hostile or offensive work environment.

The Company is dedicated to providing a safe and secure work environment for all employees. However, having safety rules is not enough. The Company's commitment to safety means each of us is expected to operate all facilities and equipment with caution, and to be alert to safety risks as we go about our jobs. Each of us must comply with all applicable health and safety policies, including Occupational Safety and Health Administration (OSHA) regulations.

Workplace Violence

A safe and secure work environment also means a workplace free from violence. The costs of workplace violence are great, both in human and financial terms. We believe that the safety and security of Company employees are paramount.

Workplace violence is any intentional conduct that is sufficiently severe, offensive or intimidating to cause you to reasonably fear for your personal safety or the safety of your family, friends and/or property such that employment conditions are altered or a hostile, abusive or intimidating work environment is created for one or several Company employees.

Workplace violence may involve threats or acts of violence occurring on Company premises, regardless of the relationship between the Company and the parties involved in the incident. It also includes threats or acts of violence that affect the business interests of the Company or that may lead to an incident of violence on Company premises. Threats or acts of violence occurring off Company premises that involve employees, agents, or individuals acting as representatives of the Company, whether as victims of or active participants in the conduct, may also constitute workplace violence.

Any person who engages in a threat or violent action on Company property will, if appropriate, be removed from the premises as quickly as safety considerations permit, and may be required, at the Company's discretion, to remain off Company premises pending the outcome of an investigation of the incident.

Drug and Alcohol Dependency



*Q: It's NCAA tournament time.
Can I have a beer with my
lunch while I watch the games?*

*A: No. If you are working or
returning to work, alcohol
may only be consumed at a
Company-sponsored event
where alcohol is served.*

The Company recognizes alcoholism and drug abuse as illnesses that may be successfully treated. The Company's concern with misuse of alcohol or drugs is directed toward the effect on the employee's job performance and behavior, and there is no intention of intruding on the employee's private life. It is important to note that alcoholism or drug abuse may appear in combination with many other kinds of problems. Drug abuse can also involve medications such as tranquilizers, as well as some of the more commonly thought of "hard drugs."

While the principal focus of Company policy is on job performance and behavior, it should be clear that any use of alcohol or any illegal possession, use, purchase, or sale of drugs while on duty as an employee or on Company premises, is misconduct, which may justify immediate dismissal regardless of job performance. Exceptions to this policy will be made for Company-sponsored activities where alcohol is served. Employees will be limited to two drinks at such functions. Appropriate authorities may be notified in drug cases.

Employment of Relatives and Significant Others

The Company has a very strong history as a family oriented company. In recognizing this history, we also recognize that the employment of relatives or significant others can sometimes affect the work environment because of real or perceived improprieties, favoritism or loss of objectivity, the results of which can lead to a reduction in morale among other employees. Family conflicts may also interfere with the employment relationship and hinder an otherwise productive workplace.

The Company seeks to avoid allowing family members and significant others from working in the same department or functional area, or from directly reporting to each other. Each situation involving the employment or advancement of a family member or significant other of a current employee will be evaluated based on the specific circumstances and on what is in the best interest of the Company.

The hiring or promotion of any family member or significant other for full time work, temporary work, contract work or seasonal employment must be pre-approved by the CEO or by an executive vice president in his absence. If the potential employee is a relative of the CEO or of an executive vice president, the Corporate Governance and Nominating Committee of the EMCC Board of Directors must provide prior approval of such hiring or promotion.

What We Expect

Privacy Protection

Employee Confidentiality

Respect the confidentiality of our employees' personal information.

Access to Company records containing personal information should be limited to Company personnel who have appropriate authorization and a clear business need for that information.

Without a written release signed by the employee, the Company will release employee data to a person outside of the Company only under the following conditions:

- Employer's reference requests: Human Resources will only release your name, dates of employment and job title unless the Company is otherwise obligated to disclose additional information;
- Credit information: Human Resources will verify the following information to any lending institution upon written request and your written release: your dates of employment, salary and job title; or
- Governmental regulators or agencies: as required to comply with applicable laws, rules and regulations.

Access to Your Personnel File

You may view your personnel file upon written request. File access will be allowed during normal business hours and only in the presence of an authorized Company representative.

What We Expect

Conflicts of Interest

Close Relatives

“Close relative” includes a spouse, parents, stepparents, children, stepchildren, siblings, stepsiblings, nephews, nieces, aunts, uncles, grandparents, grandchildren, in-laws and a same or opposite sex domestic partner. You are not responsible for learning about the activities of close relatives who do not reside with you. For close relatives outside your home, you need only be concerned with those circumstances that you know about.

Potential Suppliers, Customers and Competitors

For conflicts of interest, a “supplier,” “customer” or “competitor” includes both actual and potential suppliers, customers or competitors.

Conflicts of Interest, Gifts and Entertainment

As employees and directors of the Company, we will work together to meet our common goals — with loyalty and objectivity, while striving to avoid conflicts of interest.

We have many activities in our lives outside the Company. A “conflict of interest” arises when our personal, social or financial activities have the potential of interfering with our loyalty to and objectivity about the Company.

Requirement to Disclose and Assess Potential Conflicts of Interest

Conflicts of interest can take many forms; this guide cannot specifically address all of them. It is the responsibility of each of us to prevent conflicts of interest, or the appearance of one, by seeking advice when there may be a conflict. It is also our responsibility to disclose all situations that might present a real or perceived conflict of interest.

Common Ways That Conflicts of Interest Can Arise

You must disclose any of these circumstances that involve you or your “close relatives:”

- Your position with the Company involves dealing with a close relative as a competitor, vendor, or customer of the Company.
- Your position at another organization negatively impacts the time or attention that you can devote to the Company’s affairs.
- You have a second job with an organization that is a competitor, customer, or supplier of goods or services to the Company.
- Acceptance of membership on the board of directors of any competitor, vendor or customer of the Company, or as a consultant or advisor to any such board of directors or to the management of such firm. Situations may arise, however, where it is in the best interests of the Company to have the Company’s employees serve on the boards of directors or as officers for other organizations. As a result, you may be asked to represent the Company on the board of directors of another organization.
- Lending money, guaranteeing debts, borrowing money, or accepting gifts or favors in a way that could appear to place you under obligation to a competitor, vendor or customer of the Company.
- Holding of any “significant interest” in a competitor, supplier or customer of the Company.

Significant Interests

A “significant interest” means any economic interest that might influence or appear to influence your judgment. It does not include an investment that is less than five percent of the value of the outstanding equity securities of a public company or less than 10 percent of your total assets. Publicly-traded mutual funds, index funds and similar poolings of securities, when the individual investor has no say in which investments are included, do not present conflicts.



Q: I am involved in helping the Company enter into a contract with a vendor to provide a pharmacy network and am spending a lot of time looking for the right one. My brother is the COO of a company that provides this type of service. Couldn't we save the Company a lot of time and effort by hiring my brother's company, because I know they can be trusted to do the job right?

A: No. Simply hiring a vendor because you trust your brother is not a sound business practice, and it contravenes our policies. Further, this creates a conflict of interest between your desire to help your brother and your objectivity in selecting the most competitive supplier. However, if you make a proper disclosure to your branch manager or functional vice president and to the Corporate Compliance Officer and remove yourself and anyone who reports to you from the selection process, your brother's company can compete for the work with other qualified vendors.

- Involvement in approving applications, handling underwriting transactions or handling claims (including the supervision of these activities) for yourself, for members of your family or for your friends.
- Use of the Company's name, facilities or relationships for personal benefit or for outside work (use of the Company's name for charitable purposes may be allowed subject to the approval process set out below).

Where to Go for Advice, Disclosure and Resolution of Conflicts of Interest:

If you become aware of any transaction or relationship that may give rise to a conflict of interest, you must disclose the transaction or relationship. However, disclosure of a conflict is not enough.

If you are an employee, your supervisor, branch manager, or functional vice president and Corporate Compliance Officer are the appropriate resources for assessing potential conflicts of interest. The CEO and outside directors should notify the Secretary, who will notify the Director of Internal Audit and the Chairperson of the Corporate Governance and Nominating Committee to assess a potential conflict of interest.

Once a conflict is disclosed, the branch manager or functional vice president and Corporate Compliance Officer will create a written plan to address the risks associated with the conflict you have disclosed. If the conflict involves the CEO or an outside director, the Chairperson of the Corporate Governance and Nominating Committee will prepare the written plan. This process may require termination of the arrangements that create the conflict.

Loans:

The Company will not make loans to, or guarantee the obligations of, any director or officer or other employee unless otherwise permissible under applicable law, including the Sarbanes-Oxley Act, and approved by the Legal Department.

Receiving Gifts and Entertainment

Gifts and Entertainment

“Gifts and entertainment” means anything of value received by you or a “close relative” (see page 9) from a third party who does business with, or is seeking to do business with, the Company, including discounts, services, loans, cash, favorable terms on any product or service, prizes, transportation or travel, use of vehicles, stocks or other securities, participation in stock offerings, tickets and gift certificates. The potential list is endless - these are only examples.

Business gifts and entertainment can build goodwill, but they can also make it harder to be objective about the person and/or company providing them. In short, gifts and entertainment can create their own conflicts of interest.

Usually Acceptable

You do not need to seek approval for gifts or entertainment with a fair market value of \$50 or less on an individual basis, or \$100 or less from any one source in a calendar year (as long as they do not fall into the “Not Allowed” category below). Examples of this type of gift or entertainment include:

- Occasional meals with a business associate;
- Sports, theater and other cultural events with a business associate;
- Other reasonable and customary gifts and entertainment; and
- Promotional items of nominal value such as pens, calendars and coffee mugs which are given to customers in general.

You will be allowed to accept prizes with a fair market value of \$500 or less if the prize is obtained through chance or as a result of personal skill, and you report it on Form 549 (see “How to Report a Gift” on page 12). For prizes with a fair market value greater than \$500, follow the procedure set out under “Approval Before Accepting a Gift or Entertainment” on page 12.

Not Allowed

Other types of gifts and entertainment are simply wrong, either in fact or in appearance, so that they are never permissible, and no one can approve these. We may never:

- Accept anything illegal;
- Accept or request anything as a “quid pro quo,” or as part of an agreement to do anything in return for the gift or entertainment;
- Participate in any entertainment that is unsavory, sexually oriented or otherwise violates our commitment to mutual respect; or
- Accept any gift of cash or a cash equivalent (such as gift certificates, loans or stock).

Exception: This restriction does not apply to receiving cash or a cash equivalent in exchange for participating in a survey when you are not at work, or prizes obtained through games of chance or as a result of personal skill (but the receipt of such gifts is subject to all other gift limitations). Compensation for surveys performed at work should be turned over to the Company for inclusion in the employee emergency fund.

Approval Before Accepting a Gift or Entertainment



Q: A vendor's representative offers you a simple PDA (personal digital assistant), but there is one catch to the offer; she says you may have it only if you help her convince the Company to enter into a contract with her company. This PDA is worth less than \$100. Can you accept it?

A: No, because there is a "quid pro quo," an expression meaning "something for something." She will give you the PDA only if she gets something in return. Even though this may seem like a small matter, these "quid pro quo" arrangements are on the list of conflicts that are "Always Wrong."

Guides for Approving Gifts

How to Report a Gift

For anything that does not fit into the previous categories, you should obtain written pre-authorization from your supervisor, branch manager or functional vice president and from the Corporate Compliance Officer. Where circumstances do not permit advance authorization, you should seek approval as soon as possible, but in no event later than 30 days after acceptance of the gift or entertainment (see "How to Report a Gift" below). The CEO and outside directors should seek approval from the Chairperson of their board of directors, or the appropriate board member or committee as determined by that board of directors.

Examples in this category include the following:

- Gifts and entertainment with a fair market value of more than \$50 on an individual basis, or more than \$100 from any one source in a calendar year;
- Travel to an out-of-town seminar or meeting provided by a vendor;
- Invitation to a professional sports playoff or championship game; and
- An invitation to dinner at a restaurant you know to be particularly expensive.

Approvals must be made on a case-by-case basis with careful consideration of the following issues:

- Whether the gift or entertainment would be likely to influence your objectivity;
- Whether there is a business purpose (for example, business will be discussed as a part of the event in question);
- The type of precedent it would set for others; and
- How it would appear to other employees or people outside the Company.

Any time you receive a gift or entertainment with a fair market value in excess of \$50 on an individual basis, or multiple gifts or entertainment in excess of \$100 from any one source in a calendar year, you must fill out a Gift/Entertainment/Discount/Travel Disclosure Form (Form 549), or its equivalent, and present it to your supervisor, branch manager or functional vice president for approval.

The CEO and outside directors should submit the Form 549 to the Chairperson of their board of directors, or to the appropriate board member or committee as determined by that board of directors.

The approved copy will be sent to the Director of Internal Audit. This applies even if you return the gift to the source or turn the item over to the Company.

Offering Gifts and Entertainment

What if you receive a gift that is inappropriate or otherwise determined to be unacceptable?

You must refuse, or when that is not possible, immediately return gifts that are in the “not allowed” category. For other types of gifts that are determined to be unacceptable, if returning the gift is impracticable or undesirable, you should turn the gift over to your supervisor (in the case of employees), or board person or appropriate board committee (in the case of the CEO or an outside director), for Company use, sale or donation. If you have accepted a gift or taken part in an entertainment event that is ultimately determined to be unacceptable, and it is not the type of gift that can be returned or turned over to the Company (such as an item that has been consumed, or a meal that has already been attended), you may be asked to reimburse the party that gave you the gift. If appropriate, a letter should be sent to the donor explaining the Company’s policy with respect to gifts.

Just as we have strict rules for receiving gifts and entertainment, we must also be careful how we offer them. Offering social amenities or business courtesies of a nominal value such as modest gifts, meals and entertainment is common in the business world and is meant to create goodwill and enhance business relationships. Using good judgment and moderation, occasionally exchanging entertainment or gifts of nominal value with a non-governmental individual or entity is appropriate unless the recipient’s employer forbids the practice. Any courtesy should always comply with the policies of the recipient’s organization.

Some conduct is always off limits — no exceptions. Never offer or provide a gift, entertainment or anything of value if it is:

- Illegal;
- Known to be in violation of the rules of the recipient’s organization;
- Cash or another type of monetary instrument, such as a gift certificate, bank check, traveler’s check or money order (this restriction does not apply to prizes offered in games of chance or to be won as a result of the skill of the winner);
- Unsavory, sexually oriented or otherwise violates our commitment to mutual respect; or
- A “quid pro quo” arrangement.

Gifts and entertainment to government officials raise special risks.

Never offer, provide or approve such gifts, gratuities or entertainment without prior written approval of your supervisor and the Legal Department.

What We Expect

Relationships With Competitors

Information About Competitors' Products and Services



Q: I am at a trade association meeting and overhear an informal group of the Company's competitors discussing their target markets for new lines of business. May I join the conversation to gain some competitive intelligence?

A: No. You must avoid the discussion. If you are part of a conversation that turns toward such discussion, you must disassociate yourself immediately and report the incident to the Legal Department.

Competition and Fair Dealing

In all of our dealings on behalf of the Company we will not take unfair advantage of others through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material fact or any other unfair dealing practice.

Providing the best possible service to our agents and policyholders is the most effective means of competing. Except in situations where the Company is jointly participating in a transaction with another company, you must not discuss, nor have any agreement, understanding or arrangement with any competitor with respect to the following (or similar) topics:

- Policy rates;
- Matters that would affect the availability of insurance services;
- Marketing policies; or
- What constitutes a “fair” profit level.

The Company will not knowingly misrepresent the products and services of its competitors. To compete in the marketplace, it is necessary and legal to gather competitive information fairly. But some forms of information gathering are wrong and can violate the law. The Company is committed to avoiding even the appearance of improper information gathering, so it is important to know what you can do and what you must avoid.

Legitimate sources of competitive information include:

- Newspapers, press accounts and other public information;
- Talking with customers—but not to obtain confidential information;
- Advertisements or brochures;
- Information publicly available on the internet;
- Information available from insurance departments; or
- Industry surveys

Confidential Information, Intellectual Property and Copyright



Q: I have just been hired from another company. I have information from my former employer regarding a new product that would be very helpful in developing a similar product. May I bring this with me?

A: No, you should not bring materials that may contain confidential information to the Company from a prior job. Just as it would be wrong for someone to take our confidential information, we should not use the confidential information of others.

Never use the following:

- A competitor's confidential or proprietary information or something similar belonging to anyone else—consult the Legal Department if you have any such information;
- Confidential or proprietary information in any form possessed by new hires as a result of their prior employment; or
- Information concerning a competitor that someone offers to sell.

The Company respects the proprietary and confidential information of others. This includes written materials, software, music and other “intellectual property.”

Basic rules to follow:

- Do not bring to the Company, or use, any confidential information, including computer records, from prior employers;
- Do not load any unlicensed software on any of the Company's computers (all software use is subject to the Company's Corporate Computer Policy);
- Do not accept or use anyone else's confidential information except under an agreement approved by the Legal Department; and
- Do not use or copy documents and materials that are copyrighted (including computer software, portions of audio, video and off-the-internet or off-the-air recordings) without specific permission from the copyright owner (and the P&T Department when required by the Company's Corporate Computer Policy). Consult the Legal Department on whether “fair use” rules or existing licenses may allow usage of the documents or materials.

What We Expect

Marketing Activities

Discrimination

Dealing With Consumers

To be successful, the Company must consistently strive to treat consumers fairly and honestly. Responsible marketing, underwriting and claims handling, along with attention to customer privacy, are critical parts of what the Company is expected to do. We expect all producers with whom we deal to do the same.

We pledge:

1. To conduct all of our operations with integrity and in accordance with the highest ethical and moral standards and to be honest, open and straightforward in our dealings;
2. To treat others fairly and with genuine respect;
3. To communicate with simplicity, accuracy and clarity; and
4. To design and distribute advertising and sales materials that are clear, accurate and not misleading.

In addition, we pledge to our policyholders:

1. To deliver high-quality products and services in a cost-effective manner at fair and reasonable prices;
2. To provide excellent service, defined in terms of our policyholders' reasonable needs and expectations;
3. To appropriately consider the policyholders' interests when delivering products and services; and
4. To issue fair and accurate policy coverage quotes.

We will not offer or underwrite our products in a discriminatory manner. Our decisions will be based only on legally permissible criteria. You are expected to immediately report any actions or decisions that you believe may be illegal discrimination.

Privacy of Customer or Consumer Information

Personal Information

For the purposes of the Security Breach Policy, "personal information" includes an individual's first name and initial, and last name, in combination with any one or more of the following: 1) Social Security number, 2) driver's license or state ID number, 3) account number, credit or debit card number; or 4) medical information.

Money Laundering

Office of Foreign Assets Control (OFAC)

The Company recognizes that a key element of the relationship we have with our customers is the trust which our customers place with us to respect the privacy and confidentiality of the information they provide to us. If you do not have a business reason to access this information you should never seek to do so, and those of us who do have legitimate access should take steps to protect against unauthorized release or use of private customer information. Outside parties who are given access to this information are also responsible for protecting it, and they should be periodically reminded of this responsibility and monitored for their compliance. In the event that "personal information" in our custody about a customer, claimant, employee or agent (or any other person) is lost, stolen or misplaced, you are expected to notify your branch manager or functional vice president. That manager or vice president is then required to notify the Corporate Compliance Officer so that the process for determining the appropriate response, if any, can begin. (Please review the Safeguarding Information Procedure Manual on DocNet for further information).

Customer and consumer privacy laws are still developing and the Company is committed to monitoring evolving privacy standards and may, from time to time, develop additional policies in light of these changes.

Money laundering is the process by which individuals or entities try to conceal illicit funds or otherwise make the source of their funds look legitimate. The Company will not condone, facilitate or support money laundering and we will help the government prevent illegal transactions involving the Company. The Company has developed a Cash Handling Policy (Section 577 of the Administrative Procedure Manual) which should be reviewed for more information.

The United States government has determined that U.S. companies may not conduct business with certain individuals or with certain countries. OFAC assists businesses with identifying those individuals and countries. OFAC regulations prohibit underwriters, brokers, agents and insurers from engaging in transactions involving certain individuals, unless OFAC has licensed the transaction. All property, including insurance contracts, in which the restricted individuals or countries have a direct or indirect interest are considered blocked or frozen. Before issuing any policy or paying any claim (personal or commercial), the policyholder and/or claimant, along with any vendor receiving direct payment, is automatically checked against OFAC's list of restricted persons and countries (the SDN list).

What We Expect

Market Conduct Exams, Government Inquiries or Investigations

Accurate Books, Financial Records and Financial Disclosures

Company Information, Resources and Financial Disclosure

The Company and its employees will produce honest and accurate reports and records, will be forthright in measuring and reporting financial performance, will protect its assets and resources, and will never engage in insider trading. Simply put, fraud of any kind with respect to business and financial information or Company resources will not be tolerated.

The business activities of the Company are highly regulated by the states in which the Company operates. This means that from time to time you may come into contact with government officials responsible for enforcing the law. You are expected and required to deal honestly and on a timely basis with government officials.

You are also expected to help ensure that all appropriate steps are taken as required by any examination, inquiry or other investigation. Accordingly, unless you are specifically authorized to respond to market conduct exams, government inquiries or other investigations involving the Company, you should always immediately contact the Legal Department upon your receipt of a request for information. If you are unsure if you are authorized to respond, contact the Legal Department. Also, be sure that records relevant to the government inquiry are preserved during the pendency of that inquiry (see “Records Management” on page 22).

The integrity of the Company’s financial records and reports is critical to the operation of the business of the Company and is a key factor in maintaining the confidence and trust of our employees, policyholders, shareholders, regulators and the investment community. The Company is committed to providing full, accurate, timely and understandable information, in all material respects, about the Company’s financial condition and results of operations.

This obligation includes more than financial information. We all must help to ensure that the reporting of any business information of any kind and in whatever form is accurate, complete and timely. This requires, among other things, accurately and timely entering and/or maintaining business transactions, expense accounts, time sheets, payroll and benefits records, regulatory data and other essential information.

You must:

- Follow all laws, rules, regulations and Company procedures for reporting financial and other business information;
- Never deliberately make a false or misleading entry in a report or record;
- Never alter or destroy Company records except as authorized by established policies and procedures (see “Records Management” on page 22);



Q: I work in the Claims Department and I received a call from a person who said she is the sister of a claimant who was injured in a car accident and she wanted to check on the status of the payment of the bill for the repair to the car. Can I provide her the information?

A: If the claimant has not provided the Company with specific authorization to provide the information to her sister, and the sister does not hold a power of attorney or some other legal authorization entitling her to the information, you should not provide the information until you receive appropriate authorization from the claimant. If we have the appropriate authorization on file, you should confirm the claimant's name, the claim number, the address of the claimant and the sister's name and address.

Company Property and Resources

Confidential and Proprietary Information

- Never sell, transfer or dispose of Company assets without proper documentation and authorization;
- Cooperate fully with internal and external auditors; and
- Contact the Accounting or Internal Audit Departments with any questions about the proper recording of financial transactions.

The principal executive officer, principal financial officer, principal accounting officer, controller, treasurer and other persons performing similar functions for Group are also bound by a Code of Ethics.

Control and judicious use of the Company's assets, including funds held for our policyholders, shareholders and/or claimants, are fundamental responsibilities of each of us. The Company's assets are intended to help employees achieve business goals. You are expected to safeguard all Company assets against waste, unauthorized use or removal.

You are expected to ensure that information about the operations, activities and business affairs of the Company is kept confidential and disclosed only as necessary to conduct business. Some examples of confidential and proprietary information include:

- Sales, marketing and other corporate databases;
- Financial records not otherwise required to be disclosed to the public;
- Marketing strategies and plans;
- Personnel records;
- Research and technical data;
- Proposals;
- New product development;



Q: I sometimes email my spouse to make personal plans, such as who will pick up the kids after work. Am I allowed to use the Company's computers for this kind of thing?

A: Yes, as long as personal use is reasonable and kept to a minimum.

Computer Use and Network Security

Insider Trading

Material Information

“Material information” means information that a reasonable investor would likely consider important in deciding whether to purchase or sell a security. If you learn something nonpublic that makes you want to buy or sell a stock, the chances are good that the information would be considered material. Material information is not necessarily information that is certain; information that something is likely to occur, or even “might happen,” may be considered material.

- Formulas;
- Trade secrets of any sort; or
- Computer systems or software, whether Company-developed or obtained via license.

Sometimes you may need to share information with persons outside the Company, for example, so that vendors can provide the services for which they have been hired. Even when there may seem to be a legitimate reason to share the information, however, never disclose such information without your supervisor's prior approval and a written confidentiality agreement approved by the Legal Department.

Confidential information you obtain during or through your employment with the Company may not be used for the purpose of furthering your current or future outside employment or activities or for obtaining personal gain or profit. The Company reserves the right to avail itself of all legal or equitable remedies to prevent impermissible use of confidential information or to recover damages incurred as a result of the impermissible use of confidential information.

Computer technology is critical to the Company's business success. Everyone who uses a computer plays a role in ensuring that these resources are properly utilized for work. This means all employees must review and follow the Company Computer Policy.

Remember that your electronic communications at work should not be considered private. Records of your electronic communications may be made and used for a variety of reasons and, subject to applicable law, may be monitored to verify that the Company's policies on computer use are being followed.

In order to protect the investing public, securities laws make it illegal for those with “inside information” to buy or sell securities (i.e. stocks, bonds, options). Inside information is material information that is not available to the public.

Many of our employees have inside information by virtue of their positions. For example, inside information might include:

- Introduction of a new product;
- Negative views about a new or existing product;
- Significant new contracts;
- Proposed changes in dividends;
- Possible mergers, acquisitions or joint ventures;
- Major developments in litigation;



Q: Our department recently tried out a new software program from a new company and I believe we intend to purchase a license for the program. I bet other companies will also buy this program. My sister-in-law likes to invest in technology companies and knows a lot about them. Can I tell her about this and let her decide whether she thinks this company is a good investment?

A: No. The information you have about the Company's plan to use this new program is confidential inside information. If you tell your sister-in-law, you are violating our policy not to divulge confidential proprietary information. If you or your sister-in-law uses the information to invest, you may also be violating the securities laws.

Investor Relations

- Rating agency actions;
- Earnings statements and forecasts; or
- Expected governmental actions.

Inside information can also be information you obtained confidentially during the course of your work with another company—for example, from a customer or supplier.

If you have knowledge of any of these kinds of information—and the information is nonpublic—this is inside information, and you may not buy or sell securities using it. In addition, you must never give anyone a “tip” regarding nonpublic inside information. Securities law violations are taken very seriously and can be prosecuted even when the amount involved was small or the “tipper” made no profit at all.

If you (or outsiders with whom you are associated) have inside information, you can lawfully trade in the market once the information is made public through established channels and enough time has passed for the information to be absorbed by the public. If you have been specifically designated by the Company as an “insider” with regular access to inside information, you must not trade Group’s securities during specified “blackout periods.”

If you believe you may have inside information, but are not certain, you may not execute a trade until you consult with the Legal Department, which will determine whether such a trade would violate the Company’s policy or applicable laws.

Representatives of the Company who are authorized to speak to investors and analysts on behalf of the Company may not provide “special” or favored treatment to only a few. We must provide all members of the public equal access to honest and accurate material information.

Only those of us who have been specifically authorized to do so may respond to inquiries from members of the investment community (i.e., shareholders, brokers, investment analysts). All such inquiries must be forwarded promptly to the Investor Relations Department.

Media Contact



Q: I received a call from a reporter who wants information about an injury that occurred on Company property. I personally witnessed the incident. May I speak with this reporter?

A: No, at least not without first obtaining permission from the Corporate Communications Department. All communications with the media must be approved in advance by the Corporate Communications Department. Although the department may determine you are the best spokesperson for the Company, it must make that decision.

Records Management

Media or press calls require careful consideration. Subject to the preceding paragraph regarding Investor Relations, no employee should talk with a reporter, either on or off of the record, about the Company and/or its operations without first contacting the Corporate Communications Department. Only the Corporate Communications Department is authorized to make or approve public statements pertaining to the Company or its operations. No employee, unless specifically designated by the Corporate Communications Department, is authorized to make those statements. Any employee wishing to write and/or publish an article, paper or other publication on behalf of the Company must first obtain approval from the Corporate Communications Department before publication.

Properly managing records and recorded information is essential to the work and success of the Company. It is your duty to know how to document any transaction for which you are responsible.

The Company expects you to:

- **Maintain records as required by law.** Some laws include specific record-keeping requirements. You must faithfully manage and maintain all records required by law.
- **Be alert to the need for accuracy.** You should always maintain accurate records. Providing false or misleading records, or altering them, is wrong under any circumstance and could constitute a serious violation of the law.
- **Know and follow the Company's document retention policies.** Every branch and department has a document retention policy in place. You should consult your retention policy or the Legal Department for further guidance.
- **Retain any records related to litigation or an investigation.** If there is an investigation or litigation pending or if one is anticipated, certain records, including electronic records, must not be destroyed until such matter is concluded, despite any otherwise applicable document retention policy.

What We Expect

Political Activity

Communities and Society

The Company strives to respect society's values and to honor our commitment to address society's expectations of us as a business, employer and citizen.

Political activism is the cornerstone of democracy and of a representative form of government. The Company encourages you to exercise your political rights. Keep in mind, however, that the laws set strict limits on contributions by corporations to political parties and candidates, and violators are subject to very serious penalties—including imprisonment in the case of individuals. When acting on behalf of the Company, you are expected to abide by all applicable federal, state and local rules and regulations controlling participation in political affairs.

Corporate Political Activity

You may not make any direct or indirect political contribution or expenditure on behalf of the Company unless you receive written authorization from your supervisor and branch manager or functional vice president, and the Corporate Compliance Officer. Political activities and contributions can include such things as:

- Buying tickets for a political fund-raising event;
- Providing meals, goods, services, travel, accommodations or tickets for sporting and entertainment events;
- Loaning personnel during working hours for fund-raising activities; or
- Paying for advertisements and other campaign expenses.

Lobbying

Unless you have been specifically employed or asked by the Company to advocate either (i) passage or defeat of legislation, or (ii) action or inaction by any agency of the government, you are not authorized to take such actions on behalf of the Company.

Personal Political Activity

The Company encourages political activity by employees in support of candidates or parties of their choice. But you should engage in the political process on your own time, with your own resources. Do not use Company time, property or equipment for personal political activities without authorization from your supervisor and branch manager or functional vice president, and the Legal Department. If you accept or are elected to a political position, the Company may require you, under certain circumstances, to terminate your employment or accept a leave of absence from the Company during the term of office.

Disclosure of Crimes

Federal law and the laws of several states prohibit the Company from allowing a person who has ever been convicted of, or plead guilty or no contest to, certain felonies to engage or participate in the business of insurance without the approval of the appropriate state's insurance department. If you are ever convicted of, or plead guilty or no contest to, a felony, you must promptly report that fact to your supervisor or to Human Resources.

In accordance with these laws, your employment will be reviewed and you may be terminated unless: (i) the Company determines, based on individual circumstances, that it will support a waiver application and the application is successful, and (ii) your continued employment will not violate any applicable laws or otherwise pose a risk or be detrimental to the Company's employees, customers, assets, reputation or business operations. You may be suspended without pay pending the Company's determination relative to your continued employment.

Conclusion

We must remember never to compromise our integrity or ethics. Acting in an unethical manner that seems to bring short-term profits or personal gain will bring only long-term problems to you and to the Company.

In the end, we are the Company, and we are the ones who are charged with continuing our tradition of excellence.

Useful Telephone Numbers

Compliance Line 800-750-4972	Human Resources Beth Nigut 515-345-2078
Corporate Communications Lisa Hamilton 515-345-7589	Internal Audit Ron Paine 515-345-2000
Corporate Compliance Officer Sean Pelletier 515-345-7390	Investor Relations Anita Novak 515-345-2515
General Counsel Richard Hoffmann 515-345-2450	

