CONFLICT OF INTEREST POLICY

The Board of Directors recognizes that potential or perceived conflicts of interest may exist on the part of directors, officers, or employees in carrying out their respective roles with ABC Mutual Insurance Company ("Company"). It is the policy of the Board of Directors that directors, officers, and management employees shall have the continuing, affirmative duty to report any personal ownership, interest, or other relationship that might affect their ability to exercise impartial, ethical, and business judgments in the area of their responsibilities.

The purpose of this statement is to indicate certain areas in which our policy particularly applies so that conflicts of interest in the future may be avoided. It also is intended to indicate procedures whereby any possible conflicting interests which may arise from time to time will be disclosed so that, if necessary, corrective action may be taken.

Conflicts of interest may be considered to exist in those instances where the actions or activities of any individual on behalf of the Company also involve (a) personal financial interest in businesses which have or may engage in transactions with the company; (b) the obtaining of an improper personal gain or advantage and (c) the acceptance of gratuities or payments beyond the scope of authorized company compensation of such nature as affects one’s judgment and loyalty to the Company.

By way of substantial but not exclusive illustration of the foregoing areas or instances of conflict, your attention is invited to the following directives:

(a) Personal Financial Interest. Officers, directors and management employees are required to disclose any outside commercial interests which might influence their official duties or actions. This would also include financial interest in any outside enterprise which has business relations or dealings with the Company.

(b) Inside Information. Each director, officer and management employee shall refrain from knowingly buying or selling for his own account or the account of any member of his family any security or other interest which the Company may be considering buying or selling, or has decided to buy or sell, until the Company decision has been completely executed. Each director, officer and employee will also refrain from transmitting any knowledge of such considerations or decisions or any other information which might be prejudicial to the interests of the Company to any person other than in connection with his discharge of his company responsibilities.

(c) Gratuities. Each officer, director or management employee and the members of his immediate family should avoid the receipt of payments, gifts, entertainment or other favors which go beyond the common courtesy usually associated with business practice and thereby might be regarded as placing him under some obligation to a third party dealing or desiring to deal with the Company.
If at any time a director, officer, or management employee or member of his immediate family finds that he has, or is considering the assumption of, a financial interest or outside relationship which might involve a conflict of interest, or if he is in doubt as to the proper application of this policy statement, he should immediately make all the facts known to the Board of Directors of the Company through the President or his designee and be guided by the instructions he receives. Except as otherwise directed by these instructions, he should refrain from exercising responsibility in any manner which might reasonably be thought to be affected by his adverse interest.

From time to time, the Board of Directors may need to be advised with respect to and discuss a claim that involves the employer of a member of the Board, or in which the board member's company has a significant interest. Should this situation arise, (i) the conflicted board member will be advised in writing that a discussion will occur at the Board of Directors meeting concerning a claim that involves his employer; (ii) the conflicted director will be required to recuse himself from the meeting prior to any discussion concerning the claim; and (iii) subsequent reports to the Board concerning the claim will be sent to all board members, with the exception of the conflicted member.

In the event the application of the foregoing procedures results in the inability of a director to fully and adequately discharge his duties to the Company, such director should consider taking a temporary leave of absence from the Board during the pendency of the claim.

It is essential that all persons receiving this policy statement complete and sign the endorsement attached in order that the Board of Directors of the Company be promptly and fully informed with respect to any matters within the scope of this policy statement.

Reviewed and Approved on September XX, 20XX (Quarterly Board of Directors Meeting)