

Adopted Effective June 14, 2004

The Board of Directors of Maine Employers' Mutual Insurance Company (with its subsidiaries, the "Company") has adopted this Code of Business Conduct and Ethics (this "Code") to:

- promote honest and ethical conduct, including fair dealing and the ethical handling of conflicts of interest;
- promote full, fair, accurate, timely and understandable insurance regulatory reporting;
- promote compliance with applicable laws and governmental rules and regulations;
- ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets and confidential information;
- deter wrongdoing; and
- to provide appropriate vehicles for reporting and resolving breaches of this Code, which will be accessible to every employee, officer and director.

The Company's Board of Directors is responsible for setting the standards of business conduct contained in this Code and updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to the Company, the business practices within the Company's industry, the Company's own business practices, and the prevailing ethical standards of the communities in which the Company operates. While the Company's President will oversee the procedures designed to implement this Code to ensure that they are operating effectively, it is the individual responsibility of each director, officer and employee of the Company to comply with this Code.

All directors, officers and employees of the Company are expected to be familiar with this Code and to adhere to those principles and procedures set forth in the Code that apply to them, and may be required, from time to time, to affirm his or her agreement to adhere to such standards by signing the Compliance Certificate that appears at the end of this Code. The Company's more detailed policies and procedures set forth in the Human Resources Policy Manual/Handbook are separate requirements and are not part of this Code.

For purposes of this Code, the "Code of Ethics Contact Person" will be:

- (a) the *CFO and Senior Vice President of Finance* for all officers of the Company (except as provided in (c) below) and persons serving as employee-directors of corporate functions or business units;
- (b) the *Vice President of Human Resources and Administration* for all other employees; or
- (c) the *Chair of the Audit Committee of the Board of Directors* for the President, the CFO and Senior Vice President of Finance, and all members of the Board of Directors.

From time to time, the Company may waive some provisions of this Code. Any waiver of the Code for any officer or any member of the Company's Board of Directors may be made only by the Board of Directors. Any waiver for any other employee may be made only by the President.



I. Honest and Candid Conduct

Each director, officer and employee owes a duty to the Company to act with integrity. Integrity requires, among other things, being honest and candid.

Each director, officer and employee must:

- Act with integrity, including being honest and candid while still maintaining the confidentiality of information where required or consistent with the Company's policies.
- Observe both the form and spirit of laws and governmental rules and regulations, accounting standards and Company policies.
- Adhere to a high standard of business ethics.

Our advertising should always be truthful. If we make specific claims about our products or services, we should have evidence to substantiate those claims. We should not label or market our products or services in any way that might cause confusion between our products or services and those of any of our competitors. Similarly, we should be alert to any situation where a competitor may be attempting to mislead potential customers as to its products or services in a manner detrimental to the Company, and inform appropriate management of any such cases.

We should not publicly disparage any of the products, services, or employees of any of our competitors. If we do engage in any public comparison of our products or services against those of our competitors, such comparisons should be fair.

If we supply any estimates—such as cost estimates—they must be fair and reasonable. To the maximum extent possible, they should be backed up by objective facts and experience. To the extent that the estimate cannot be objectively verified, it should be based upon the good faith judgments of those making the estimate. We will not use gifts, excessive entertainment, or any other ways to improperly influence our potential customers/clients. We will market our products and services on the basis of our price, quality, and service.

The Company will not pay any bribe, gratuity, kickback, or any similar payment to anyone, including agents of our customers or members of their families, in connection with the sale of any of our products or services. Should any such payments be requested, the appropriate Code of Ethics Contact Person should be contacted immediately. Company policy is to forgo any business which can only be obtained by improper or illegal payments.

II. Conflicts of Interest

A "conflict of interest" occurs when an individual's private interest interferes or appears to interfere with the interests of the Company. A conflict of interest can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. For example, a conflict of interest would arise if a director, officer or employee, or a member or his or her family, or an entity in which a director, officer or employee (or a member of his or her family) has a material financial interest receives improper personal benefits as a result of his or her position in the Company. Any material transaction or relationship that would reasonably be expected to give rise to a conflict of interest should be discussed with the Code of Ethics Contact Person.

Service to the Company should never be subordinated to personal gain and advantage. Conflicts of interest should, wherever possible, be avoided.



In particular, clear conflict of interest situations involving directors, officers and other employees who occupy supervisory positions or who have discretionary authority in dealing with any third party specified below may include the following:

- any significant ownership interest in any vendor/service provider to the Company or customer/client;
- any consulting or employment relationship with any customer/client, vendor/supplier or competitor;
- any outside business activity that detracts from an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company;
- the receipt of non nominal gifts or excessive entertainment from any company with which the Company has current or prospective business dealings;
- being in the position of supervising, reviewing or having any influence on the job evaluation, pay or benefit of any immediate family member; and
- selling anything to the Company or acquiring credit or financial services from the Company, except on the same terms and conditions as comparable directors, officers or employees are permitted to so acquire or sell.

Such situations, if material, should always be discussed with the Code of Ethics Contact Person and approved in writing by the President. In the case of any conflict involving a director or officer, such approval must be given by the Board of Directors.

Nothing contained herein shall require approval of transactions involving the issuance of insurance policies and/or the handling of claims under such policies for customers of the Company in which a director, officer or employee of the Company has a material financial interest so long as such dealings are on terms and bases that are no more favorable to such customer than are generally available to other customers of the Company similarly situated.

Anything that would present a conflict for a director, officer or employee would likely also present a conflict if it is related to a member of his or her family.

III. Insurance Regulatory and Reporting Process

Each director, officer or employee involved in the Company's insurance regulatory and insurance reporting process, including the President, the CFO and Senior Vice President of Finance, and the Director of Financial Reporting (the "Senior Financial Officers"), is required to be familiar with and comply with the Company's insurance regulatory and reporting processes, and procedures and internal controls over financial reporting, to the extent relevant to his or her area of responsibility, so that the Company's reports and documents filed with insurance regulatory agencies comply in all material respects with the applicable insurance laws and rules. In addition, each such person having direct or supervisory authority regarding these filings or the Company's other public communications concerning its general business, results, financial condition and prospects should, to the extent appropriate within his or her area of responsibility, consult with other Company officers and employees and take other appropriate steps regarding these filings or communications with the goal of making them full, fair, accurate, timely and understandable.

Each director, officer or employee who is involved in the Company's insurance regulatory process, including without limitation the Senior Financial Officers, must:

- Familiarize himself or herself with the insurance regulatory requirements applicable to the Company as well as the business and financial operations of the Company.



- Not knowingly misrepresent, or cause others to misrepresent, facts about the Company to others, whether within or outside the Company, including to the Company's independent auditors and governmental regulators.
- Properly review and critically analyze proposed insurance regulatory filings and reports for accuracy and completeness (or, where appropriate, delegate this task to others).

IV. Reporting and Accountability

The Audit Committee of the Board of Directors is responsible for applying this Code to specific situations in which questions are presented to it, and has the authority to interpret this Code in any particular situation, including without limitation any such situation involving possible waivers of this Code with respect to any director or officer. Any director, officer or employee who becomes aware of any existing or potential violation of this Code is required to notify the Code of Ethics Contact Person promptly. Failure to do so is itself a violation of this Code. Any such director, officer or employee may also notify the Chair of the Audit Committee directly if the person deems it necessary in the circumstances.

Any questions relating to how this Code should be interpreted or applied should be addressed to the Code of Ethics Contact Person. A director, officer or employee who is unsure of whether a situation violates this Code should discuss the situation with the Code of Ethics Contact Person to prevent possible misunderstandings and embarrassment at a later date.

Each director, officer or employee must:

- Notify the Code of Ethics Contact Person promptly of any existing or potential violation of this Code.
- Not retaliate against any other director, officer or employee for reports of potential violations that are made in good faith.

The Audit Committee of the Board of Directors and the President shall take all action they consider appropriate to investigate any violations reported to them. If a violation has occurred, the Company will take such disciplinary or preventive action as it deems appropriate, including potential discharge from employment, after consultation with the Audit Committee, in the case of a director or officer, or the President, in the case of any other employee.

Every employee of the Company and every member of the Board of Directors of the Company shall be given a copy of this Code and asked to sign a statement acknowledging receipt of it. Every new employee will be given a copy of the Code and asked to acknowledge receipt of it either at or within one week of hiring.

In the event of any changes or amendments to this Code, such changes or amendments will be provided to all Company employees in the most expeditious way possible. If there are interpretations of the Code of broad application to our employees, those will also be appropriately distributed.

No representation is expressed or implied that the policies stated herein are all the relevant policies nor that they are a comprehensive, full, or complete explanation of the laws that are applicable to the Company and its employees. All Company employees have a continuing obligation to familiarize themselves with applicable law and Company policy.

It is the policy of the Company to fully cooperate with any government investigation. A condition of such cooperation, however, is that the Company be adequately represented in any such investigation by its own legal counsel. Accordingly, anytime anyone in the Company obtains any knowledge that would lead one to reasonably believe that



a government investigation or inquiry was underway, this information should be communicated immediately to the Company's President. Of course, our routine dealings with the government (e.g., regular insurance regulatory examinations) are not covered by this policy.

In some government investigations, the Company's lawyers can protect the interests of both the Company and the employees. In some cases, there may be a conflict of interest between the Company and individual employees, and individual employees may need their own legal counsel.

In some cases, the Company may be able to pay for the individual's own legal counsel, but this must be determined on a case by case basis as the law imposes some restrictions on the Company's ability to do so, and the Board retains discretion concerning such uses of Company funds.

Employees should never, under any circumstances,

- (1) destroy any Company documents in anticipation of a request for those documents from any government agency or court, or in connection with any judicial or administrative agency proceeding;
- (2) alter any Company documents or records;
- (3) lie or make any misleading statements to any government investigator (this includes routine, as well as nonroutine investigations); or
- (4) attempt to cause any other Company employee, or any other person, to fail to provide information to any government investigator or to provide any false or misleading information.

Should any government inquiry arise through the issuance of a written subpoena or written request for information (such as a Civil Investigative Demand) such request should immediately, and before any action is taken or promised, be submitted to the Company's President.

V. Corporate Opportunities

Directors, officers and employees owe a duty to the Company to advance the Company's business interests when the opportunity to do so arises. Directors, officers and employees are prohibited from taking (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. More generally, directors, officers and employees are prohibited from using corporate property, information or position for personal gain and from competing with the Company.

Sometimes the line between personal and Company benefits is difficult to draw, and sometimes there are both personal and Company benefits in certain activities. Directors, officers and employees who intend to make use of Company property or services in a manner not solely for the benefit of the Company should consult beforehand with the Code of Ethics Contact Person.

VI. Confidentiality; Electronic Communications

In carrying out the Company's business, directors, officers and employees often learn confidential or proprietary information about the Company, its customers/clients and their workers/claimants, or its suppliers/vendors. Directors, officers and employees must maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated.

