

# 21<sup>st</sup> Century Holding Company

## Code of Conduct

### **INTRODUCTION**

21st Century Holding Company's (the "Company") reputation is an invaluable asset that each employee of the Company is responsible for preserving. Existing or potential new customers consider this reputation in deciding to do business with us, employees use it in deciding to continue employment or start a career with the company, and it is an important ongoing consideration for our investors

This Code of Conduct applies to every employee, officer, and director of the Company and all affiliates. All of these individuals are included in the term "employee" used throughout the Code. All employees are expected to read and understand this Code and the underlying Company policies that support it and are available on the Company website.

Adherence to the Code of Conduct is a condition of employment. The Board of Directors must approve any waiver of the Code and if necessary, any waiver will be promptly disclosed as required by law.

This Code of Conduct replaces and supersedes the Company's previous three ethics statements:

- Code of Business Conduct and Ethics
- Business Ethics Statement
- Code of Ethics for President, CEO, and Senior Financial Officers

### **POLICY OWNER**

CHIEF EXECUTIVE OFFICER

### **RESPONSIBILITY**

The Company's In-House Counsel and the Company's Chief Executive Officer shall administer this Code. Company employees are encouraged to seek guidance regarding the application or interpretation of this Code from the Corporate Secretary and are expected to cooperate fully in any investigation of any potential violation of this Code.

The CEO, President, and each senior Company officer must notify General Counsel or the CEO and the Audit Committee of any known violation of the Company's Code of Conduct. This includes any actual or apparent conflicts of interest between personal and professional relationships involving management or other employees who have a significant role in the Company's financial reporting or internal controls.

The Board of Directors shall determine, or designate persons to determine, appropriate actions to be taken in the event of violations of the Code of Conduct by members of the Board or Executive Officers of the Company. The Executive Officers shall determine, or designate persons to determine, appropriate actions to be taken in the event of violations of the Code of Conduct by any employee of the Company. Actions may include written notices to the individual involved that the Board has determined that there has been a violation, censure by the Board, demotion or re-assignment, suspension with or without pay or benefits (as determined by the Board), and termination of the individual's employment. In determining what action is appropriate in a particular case, the Board of Directors or such designee shall take into account all relevant information, including:

- The nature and severity of the violation;
- The capacity of the individual in relation to the Company's organization chart;
- Whether the violation was a single occurrence or repeated occurrences;

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- Whether the violation appears to have been intentional or inadvertent;
- Whether the individual in question had been advised prior to the violation as to the proper course of action; and,
- Whether or not the individual has committed other violations in the past.

The Company's Corporate Secretary is responsible for distributing the current Code of Conduct on a biennial basis and obtaining a signed copy back from each employee to be placed in the employee's file. This exercise is intended to refresh the Code principles with each employee and ensure the employee has seen a current copy of the Code.

The Human Resources Director is responsible for ensuring that all new employees have read, understand, and have signed a copy of the Code before their employment with the Company begins.

Employees must be aware of their responsibilities under this Code and will be required to sign and certify that they have read and understand its requirements. Employee questions regarding the Code should be referred to the Company Corporate Secretary. In addition, employees must promptly report any possible violations of the Code to the Company's In-House Counsel or the Chief Executive Officer. If a potential violation involves an accounting or financial reporting issue, the violations should be reported to the Company Audit Committee following the process included in the Whistleblower Policy available on the Company website.

### **CONFLICT OF INTEREST**

Employees must avoid conflicts of interest involving the Company. A "conflict of interest" occurs when an individual's private interest interferes in any way, or even appears to interfere, with the interests of the Company. A conflict situation can arise when an employee takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest also arise when an employee or a member of his or her family, receives improper personal benefits because of his or her position in or with the Company. Any employee who becomes aware of a conflict or potential conflict of interest or any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest should bring it to the attention of the Company's In-House Counsel or the Chief Executive Officer.

The rules applicable to the most common conflict-of-interest situations follow.

#### **Suppliers**

Employees and members of their immediate families shall not have any financial interest, direct or indirect, in any of the Company's suppliers. "Supplier" means anyone supplying (or anyone who is seeking to supply) goods, supplies, equipment or services to the Company. However, the ownership of a small minority stock interest in a publicly owned company whose shares are traded through normal markets is not considered in the ordinary case as giving rise to a conflict of interest.

#### **Gifts and Gratuities**

Employees and members of their immediate families shall not request or accept gifts, gift certificates, discounts, gratuities, or any other item of value (including services) of any nature from the Company's suppliers unless approved by the Chief Executive Officer who has determined in advance that there will be no conflict of interest involved.

There is a conflict of interest only when favors, gifts, etc., become more than nominal and casual within the framework of an individual's business activities. Invitations to lunch, dinner, or other such minor favors that are normal and have no special significance attached to them are not considered as giving rise to any conflict of interest.

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### **Business Opportunities**

Employees and members of their immediate household and family are not allowed to receive advantageous pricing, financial arrangements, commissions, or other business opportunities from any business partner, policyholder, vendor or supplier of the Company.

Employees, officers and directors of the Company are prohibited from:

- Taking for themselves opportunities that are discovered through the use of the Company's property, information or position, without the consent of a majority of the disinterested members of the Board of Directors;
- Using the Company's property, information or position for improper personal gain; or,
- Competing with the Company directly or indirectly.

Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

### **Outside Positions**

Employees must disclose if a member of their immediate family or household holds a position that can influence decisions at or interacts with individuals in authority at a company that directly competes with or does business with the Company. In addition, employees must disclose if they serve as a director, trustee, officer, or similar position (paid or otherwise) of any business, other than with the Company or one of its subsidiaries. The disclosure requirement does not apply to educational, charitable, religious, public, political, or social organizations or to residential boards if activities are not in conflict with the Company's interests.

### **Employee Investments**

Employees may generally invest in the shares of any publicly traded company, however, employees may not make a significant investment in any company that is a competitor of or does business with the Company or its subsidiaries.

### **Family Members Providing Service to the Company**

Employees must disclose to the Company's In-House Counsel or Chief Executive Officer all instances in which they seek to hire or engage a family member or a family member's firm to provide goods or services to the Company.

The Company has a policy that any transactions between the Company and executive officers, directors, principal shareholders or their affiliates take place on an arms-length basis and require the approval of a majority of our independent directors.

## **BUSINESS ETHICS AND COMPLIANCE WITH THE LAW**

The Company's employees should act ethically and in good faith, with honesty and integrity, when acting on behalf of the Company or in connection with the Company's business or operations.

Employees of the Company must respect and obey the laws of the jurisdictions in which the Company operates. The Company has an Insider Trading Policy, available on the Company website, that addresses federal securities laws and trading in the Company's securities, which employees should review. Any employee who is unsure about any aspect of these laws should seek advice from officers, supervisors, managers or other appropriate personnel.

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It is the policy of the Company to comply with the letter and spirit of all applicable laws. All of our relationships with governmental and community officials must be conducted in strict observance of applicable laws. Not only should there be no violation of law, but conduct, which could be embarrassing to the Company, if it should be brought to public attention, must also be avoided.

### **DIVERSITY, EQUAL EMPLOYMENT OPPORTUNITY AND FREEDOM FROM HARASSMENT**

Each employee is expected to treat colleagues, employees and others with respect and dignity and to provide a work environment free from intimidation and harassment.

It is the Company's policy and you are expected to support the Company's commitment to diversity and equal employment opportunity. Discrimination against any employee or applicant for employment is prohibited by law and by policy. Any employment decisions should not consider any individual's race, color, sex, sexual orientation, religion, national origin, age, marital status, physical disability, or these characteristics in an individual's relatives, friends or acquaintances.

### **BOOKS AND RECORDS**

#### **Accuracy and Completeness**

Employees must ensure that the accounting and financial records of the Company meet the highest standards of accuracy and completeness.

#### **Financial Statements and Accounts**

Employees who are involved in the preparation of reports and documents that the Company files with or submits to the Securities and Exchange Commission or that are otherwise public communications have a responsibility to promote full, fair, accurate, timely and understandable disclosure.

#### **Retention of Documents**

Employees must retain all documents (including computer records) in their custody or control that relate to any imminent or ongoing investigation, lawsuit, audit or examination involving the Company, otherwise employees should follow Company policies on record retention, available on the Company's website.

### **PROTECTION AND PROPER USE OF COMPANY PROPERTY**

Employees should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes. Company equipment should not be used for non-Company business, although incidental personal use may be permitted in some circumstances.

Employees should not requisition Company property, funds or personnel or use Company time, facilities or equipment for personal use without proper authorization. Our shareholders and the public are entitled to rely upon the assurance that the Company assets and the skills of its personnel are not being used for the personal benefit of any executive or other employee. Any exceptions must be properly authorized with appropriate provision being made for reimbursement to the Company.

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### **POLITICAL ACTIVITIES**

Employees are certainly encouraged to participate in political activities and in the political process; however, care should be taken to ensure that the Company is not associated with individual employee activities. Your contributions to a candidate for elective office or a political party must not be, or appear to be, reimbursed using Company's funds or assets.

Employees may not use their position to coerce or pressure other employees to make contributions or support candidates or political causes.

### **CUSTOMER PRIVACY**

Employees are responsible for safeguarding the privacy, confidentiality and security of customer data entrusted to the Company. This means that customer records and information must remain secure and confidential and employees should protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any insured.

### **CONFIDENTIAL INFORMATION**

Employees must maintain the confidentiality of information available to them through the Company or an insured, except when the Company authorizes disclosure or it is legally mandated. Confidential information must not be used for personal advantage. Confidential information includes all financial and other records and non-public information about the Company and its insured's that, if disclosed, might be of use to competitors, or harmful to the Company or its insureds.

Information about the Company, unless previously released to the public, is considered private and confidential. All manuals, procedures, reports, papers, or other documents relating to the business of the Company, obtained while employed by the Company, are the Company's property and shall be returned at any time on the Company's request, and in any event on termination of employment.

### **INSIDE INFORMATION:**

Company policy forbids employees from using for personal advantage, or enabling others to use, information that employees acquire during the course of their employment with the Company that has not been publicly disclosed ("Inside Information"). For example:

- the operating or financial results of the Company or any of its subsidiaries;
- the Company's negotiations or agreement for a significant acquisition or sale or other transaction;
- development of new products, services, or markets;
- an increase or decrease in dividends;
- a stock split or a purchase by the Company of its securities; or
- significant management changes.

Trading in Company stock or in the stock of any other corporation on the basis of material Inside information, by an employee or by others who have acquired Inside information from an employee, in addition to raising obvious ethical considerations, subjects the user to civil and criminal charges and exposes the Company to embarrassment and potential liability. Therefore, the Company strictly forbids all employees from using Inside information for personal gain or disclosing Inside information to outsiders, either intentionally or inadvertently, under any circumstances, whether during business hours or at informal after-hours discussions. The failure of an employee to follow the Company's policy on the use and discharge of Inside information could result in the discharge of such employee.

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Information stops being Inside information when it has been effectively disclosed to the public by, for example, a press release, a newspaper article, or a filing with the Securities and Exchange Commission, followed by a reasonable waiting period for the information to be understood by the marketplace.

### **CONTACTS WITH COMPETITORS**

Each employee must make business decisions using independent judgment and avoid even the appearance of agreeing with a competitor to limit the way we compete with one another.

### **TRUTHFUL STATEMENTS**

Each employee should endeavor to deal fairly with the Company's insureds, agents, business partners, competitors, and employees. An employee should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice in connection with the Company's business.

### **MONEY LAUNDERING PREVENTION**

Each employee must actively guard against the use of the Company's products and services for purposes of money laundering or for the financing of terrorism or other criminal activity.

### **DISCIPLINARY ACTION**

Those who violate the standards in this Code or any applicable law or regulation, will be subject to disciplinary action, including dismissal.

### **RECEIPT AND SIGNING OF DOCUMENT:**

We must all work to ensure prompt and consistent action against violations of this Code. Employees are encouraged to contact the Company's In-House Counsel or Chief Executive Officer or talk to other appropriate personnel about observed illegal or unethical behavior or violations of this Code. If an individual desires, a claim of a possible violation may be made anonymously. Confidentiality will be provided to all individuals in the handling of a potential violation.

Each recipient of this statement shall acknowledge receipt and understanding of, and compliance with, the contents of this statement by dating and signing a copy and returning it promptly to his/her immediate supervisor who will in turn forward it to the Corporate Secretary.

**[ACKNOWLEDGMENT ON FOLLOWING PAGE]**

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By my signature below, I acknowledge that I have received a copy of 21st Century Holding Company's Code of Conduct Policy. I acknowledge that I am expected to have read the Policy and comply with the contents of the Policy. I further acknowledge that I have been given the opportunity to ask any questions I might have regarding the Policy and that this Policy can be updated at any time, for any reason.

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Printed Name

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Signature

Date