

## **MUTUAL OF OMAHA INSURANCE COMPANY CORPORATE GOVERNANCE STANDARDS**

**These Standards were adopted by the Board of Directors May 25, 2007 and updated on May 23, 2008.**

The Board of Directors of Mutual of Omaha Insurance Company (the “Corporation”) has adopted these corporate governance standards to further its longstanding objective to provide appropriate governance of the Corporation for the long-term benefit of policyholders. Effective corporate governance requires a proactive, focused state of mind on the part of Directors, the Chairman, the Chief Executive Officer, and senior management, who are committed to the Corporation’s success through maintenance of the highest ethical standards. These standards are not intended to be a static set of rules but will be reviewed regularly by the Corporate Governance Committee. All changes to these standards shall be approved by the Board of Directors.

### **Mission of the Board of Directors**

The Board of Directors oversees the performance of the officers of the Corporation in the interest and for the benefit of the policyholders. The Board has delegated to the Chief Executive Officer together with the other officers of the Corporation, the authority and responsibility for managing the business of the Corporation under the direction of the Board.

### **Board Responsibilities**

The Board of Directors is responsible for providing oversight over the strategy, operations, and management of the Corporation. The Board collectively, and each Director individually, are responsible for primarily the following:

- Encouraging a corporate-wide culture of ethical behavior and compliance with laws.
- Selecting, evaluating and approving the compensation for the Chief Executive Officer and the President and overseeing senior executive succession planning.
- Reviewing, monitoring and, where appropriate, approving fundamental financial and business strategies and major corporate actions.
- Overseeing corporate health, performance, and adherence to corporate standards.
- Reviewing assessments of the major risks facing the Corporation – and reviewing options for their mitigation.
- Approving a written plan regulating the investment of the Corporation’s assets and periodically reviewing investment activities and practices to determine compliance with the written plan.
- Formulating and periodically reviewing the Corporation’s governance standards.
- Reviewing and approving material transactions outside of the ordinary course of business.
- Periodically assessing the effectiveness of the Board of Directors.
- Recommending and nominating candidates to the Board of Directors.

In all actions taken by the Board, the Directors are expected to exercise their business judgment in what they reasonably believe to be the best interests of the Corporation. In discharging this obligation, each Director may rely upon Board Committees of which the Director is not a member, the Corporation's officers, outside advisors and independent auditors. Each Director of the Corporation is expected to spend the time and effort necessary to properly discharge the Director's responsibilities.

### **Board Size**

The Board of Directors shall consist of not less than five and not more than twelve Directors. The Board of Directors believes that the quality of the individuals serving on the Board of Directors and the overall capabilities and talents of the Board of Directors are more important than the absolute number of members.

### **Definition of Independence**

No Director qualifies as independent unless the Board affirmatively determines that the Director is free of any relationship with the Corporation or its management that may impair the Director's ability to make independent judgments. The following specific standards apply:

- A Director who is an employee, or whose immediate family member is an executive officer, of the Corporation is not independent until three years after the end of such employment relationship.
- A Director who receives, or whose immediate family member receives, more than \$100,000 per year in direct compensation from the Corporation, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$100,000 per year in such compensation.
- A Director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Corporation is not independent until three years after the end of the affiliation or the employment or auditing relationship.
- A Director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the Corporation's present executives serve on that company's compensation committee is not independent until three years after the end of such service or the employment relationship.
- A Director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, the Corporation for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, is not independent until three years after falling below such threshold.

These standards focus primarily on familial, employment, and business relationships. However, other kinds of relationships between Board members and senior management may affect a Director's independence and will be assessed on a case-by-case basis.

Each Director shall notify the Chairman and the Corporate Governance Committee as soon as practicable, of any event, situation, or condition that may affect the Board's evaluation of the Director's independence.

For purposes of interpreting this governance standard, the commentary interpreting the definition of Director independence set forth in Section 303A of the New York Stock Exchange Corporate Governance Rules will be employed.

The Corporate Governance Committee will review annually any changes to Rule 303A of the New York Stock Exchange to determine whether such changes should be reflected in this governance standard.

The Corporate Governance Committee will review annually the Board's compliance with the standards of independence set forth above.

### **Independence of Directors**

At least two-thirds of the members of the Board and all of the members of the Audit, Compensation and Evaluation, and Corporate Governance Committees shall meet the definition of independence set forth above.

### **Lead Independent Director**

The independent Directors shall select annually an independent Director to serve as the Lead Independent Director.

Consideration shall be given to rotating the responsibilities of the Lead Independent Director at approximately 3-5 year intervals; however, such a rotation should not be mandated as policy.

In addition to the responsibilities of all Board members as set forth above, the specific responsibilities of the Lead Independent Director are as follows:

- Advising the Chairman with input as to the preparation of the agendas for the Board of Director meetings.
- Developing the agendas for and serving as chairman of the executive sessions of the non-management Directors.
- Serving as principal liaison between the non-management Directors and the Chairman and Chief Executive Officer on sensitive issues.
- Advising the Chairman and Chief Executive Officer of discussions held during executive sessions of the non-management Directors.
- Leading the Board of Directors' evaluation of the Chief Executive Officer and the President, and communicating the annual performance and compensation evaluations to the Chief Executive Officer and the President.

## **Board Membership Criteria/Director Qualification Standards**

To be considered for Board membership, individuals should be committed to representing the long-term interests of the policyholders and possess all of the following personal characteristics:

- integrity and accountability
- informed judgment
- business competency
- maturity and self-confidence
- high ethical and performance standards

The Board as a whole should possess all of the following core competencies, with each candidate contributing knowledge, experience, and skills in at least one domain:

- accounting and finance
- business judgment
- management
- crisis response
- industry knowledge
- leadership
- strategy/vision

The Board will consider the distinctive skills, perspectives, and experiences that candidates diverse in gender, ethnic background, geographic origin, and professional experience can bring to the Board.

## **Selection and Election of New Directors**

The Corporate Governance Committee is responsible for the identification, evaluation, and recommendation of candidates for initial membership to the Board of Directors. In fulfilling this responsibility, the Corporate Governance Committee will observe the following process:

- The Corporate Governance Committee shall routinely assess the skills, background and expertise of existing Board members, anticipate potential Director resignation dates, develop specific criteria for Director candidates tailored to the Board's needs, and establish a candidate search and selection process as appropriate to enable the Corporate Governance Committee to recommend and the Board to approve the best qualified candidates for Board membership.
- The Corporate Governance Committee may receive referrals for Director candidates from members of the Board of Directors or from any other source. These referrals will be considered as a part of the ongoing assessment of the composition of the Board of Directors described above.
- The qualifications of Director candidates will be evaluated in accordance with the criteria set forth above. In completing this evaluation, the Corporate Governance Committee is empowered to interview the candidate and undertake any investigations that the Committee deems necessary. In addition, the Corporate Secretary will undertake a

background investigation, the results of which will be provided to the Corporate Governance Committee.

- If the Corporate Governance Committee determines that a candidate is qualified and the election of the individual as a member of the Board of Directors would be in the best interests of the Corporation, a recommendation will be made to the full Board of Directors to extend an invitation to the candidate to join the Board. In connection with this recommendation, the Corporate Governance Committee will arrange for the candidate to meet the members of the Board of Directors upon request of the Chairman. If the full Board of Directors determines that an invitation should be extended to the candidate, the Chairman will deliver the invitation.
- If the candidate accepts the invitation, and the vacancy is being filled between Annual Meeting dates, the Board of Directors will vote to fill the vacancy. If the candidate is being considered for election at an Annual Meeting, the candidate's name will be included on the list of Director candidates submitted to the Corporate Secretary prior to the Annual Meeting, in that the election must be made by the policyholders. The term of any Director elected to fill a vacancy is the period of time until the next Annual Meeting.

### **Director Orientation and Continuing Education**

The Corporation shall provide a comprehensive Director orientation program. This program will enable new Directors to become familiar with the Corporation's vision, strategic direction, financial matters, corporate governance standards, Code of Business Conduct and Ethics for Members of the Board of Directors (the "Code of Ethics"), and other key policies and practices through a review of background materials and meetings with senior management.

The Corporation also recognizes the importance of continuing education for its Directors. Directors shall be provided with continuing education on subjects that would assist them in discharging their duties, including regular programs on financial planning and analysis, compliance and corporate governance developments, business-specific learning opportunities, and briefing sessions on topics that present special risks and opportunities to the Corporation.

Directors are encouraged to participate in continuing education programs. The Corporate Secretary shall inform the Directors about appropriate educational opportunities on a periodic basis.

### **Ethics and Conflicts of Interest**

All Directors must act ethically at all times and must adhere to the Corporation's Code of Ethics. Each Director shall read and acknowledge the Code of Ethics upon joining the Board and annually thereafter.

The Corporate Governance Committee will review the Code of Ethics on an annual basis and recommend any changes to the Board of Directors for approval.

All Directors shall recuse themselves from any discussion or decision affecting their business or personal interests.

If any actual or potential breach of the Code of Ethics, specifically including any conflict of interest described in the Code of Ethics, arises for a Director, the Director shall promptly report such situation to the Chairman. A committee composed of disinterested Directors shall review any significant conflicts of interest or other breaches of the Code of Ethics. If a significant conflict or breach occurs and cannot be resolved, the Director shall resign.

### **Limits on Board Service**

Directors shall serve on no more than three Boards including the Corporation's Board of Directors (corporate affiliates do not count as separate boards) to ensure that each Director is able to devote sufficient time to assigned responsibilities. Service on charitable or educational boards does not count towards this limit unless such service constitutes an unreasonable demand on the Director's time. Exceptions to this limit shall be approved on a case-by-case basis by the Executive Committee.

Directors shall notify the Executive Committee prior to accepting any additional Board of Director positions to ensure the new position and additional responsibilities do not compromise the Director's ability to perform present and anticipated Corporation responsibilities.

### **Election of Directors**

The Board, upon the recommendation of the Executive Committee, will nominate annually the slate of Directors recommended for continued Board of Director service. All incumbent Directors nominated for continued service shall stand for election at the Corporation's Annual Meeting. All elected Directors serve for one year terms.

### **Director Term Limits, Resignations, Retirement and Directors Emeriti**

While term limits and mandatory retirement dates could help ensure that there are fresh viewpoints available to the Board, such limits could result in the loss of the contributions of Directors who have been able to develop sophisticated insight into the operations of the Corporation.

As an alternative to term limits and mandatory retirement dates, the Executive Committee shall review each Director's performance in determining the composition of the annual slate of Directors. This performance review will include a review of any evaluation of a Director conducted by the Corporate Governance Committee. The Executive Committee may request a Director's letter of resignation or may recommend a Director not stand for re-election if the Director is not meeting the criteria for membership outlined in these Governance Standards or the Code of Ethics. Additionally, the Executive Committee may request a Director's letter of resignation if circumstances arise, such as poor health, that limit the Director's ability to serve effectively on the Board of Directors, or the Director's conduct inside or outside the Board room reflects poorly on the Corporation or limits the ability of the Board as a whole to function effectively.

Any Directors who are employees of the Corporation shall submit their resignation from the Board of Directors as a matter of course to the Executive Committee upon retirement, resignation, or other significant changes in their professional roles and responsibilities. Similarly, Directors who are not employees of the Corporation shall submit their resignation from the Board of Directors as a matter of course to the Executive Committee upon retirement, a change in employer, or other significant changes in their professional roles and responsibilities. The Board of Directors, upon recommendation of the Executive Committee, shall then determine whether continued service of that Director is in the best interests of the Corporation.

Any Director who is, for any reason, not elected to a new term may be accorded the honorary title of Director Emeritus by the Board of Directors at the expiration of his or her term as a Director. Directors Emeriti shall be elected for one year terms and shall perform such duties and functions as are assigned to them by the Board of Directors or by the Chairman and shall receive such compensation for their services as the Board of Directors may provide.

### **Director Compensation**

The Board, upon recommendation of the Compensation and Evaluation Committee, shall determine the form and amount of Director compensation. The Compensation and Evaluation Committee shall periodically review Director compensation in relation to compensation paid to Directors of comparable corporations. Directors who are employees of the Corporation shall not normally be eligible for Director compensation.

### **Board and Director Performance Evaluations**

The Board of Directors will perform a self-evaluation on an annual basis. The purpose of the self-evaluation is to improve the performance of the Board of Directors.

The evaluation process will be administered by the Corporate Governance Committee and will include an overall assessment by each Director of the performance of the Board and Board committees on which that Director serves, as well as a self-evaluation of that Director's performance.

The Corporate Governance Committee will compile the results of the evaluation of the Board and each Board Committee, and present the results at the next regularly scheduled Board meeting. Each Director will meet with the Corporate Governance Committee on a periodic basis, not to exceed three years, to discuss the performance evaluations of that Director. The Corporate Governance Committee will provide the results of such performance evaluations to the Executive Committee.

### **Board Committee Structure**

The standing committees of the Board of Directors are the Executive Committee, the Audit Committee, the Compensation and Evaluation Committee, the Corporate Governance Committee and the Investment Committee. All standing committees shall have a minimum of three members. The Board of Directors may create additional committees as they see fit and may designate the duties and power of such committees as they deem appropriate.

Each committee shall have its own written charter that addresses the committee's purpose, authority, and responsibilities. Each committee will review its charter on an annual basis, and will submit any proposed changes to the Board of Directors for approval.

The Executive Committee shall review routinely the structure of the committees and recommend changes to the Board of Directors as deemed appropriate and consistent with these governance standards.

### **Assignment and Rotation of Committee Chairmen and Members**

The Executive Committee shall consult periodically with individual Directors on committee membership and review annually the membership and chairmanship of committees and recommend changes as deemed appropriate to the Board of Directors.

The Board of Directors, upon the recommendation of the Executive Committee, shall appoint committee chairmen and members. Consideration shall be given to rotating committee chairmen and members periodically at approximately five-year intervals, taking into consideration the desires of individual Directors, the desirability of periodic rotation of committee members, and the benefits of continuity and experience in committee service; however, such a rotation should not be mandated as a policy.

### **Board and Committee Meetings**

The Board of Directors shall meet periodically, normally on a quarterly basis, with sufficient frequency to enable the Board of Directors to discharge its responsibilities. The time and location of the meetings will be determined by the Board of Directors. Special meetings of the Board of Directors may be held at such time and location as the Chairman and the Chief Executive Officer may designate. Committee meetings shall normally be scheduled in conjunction with and immediately prior to the full Board of Director meeting. Additional committee meetings shall be scheduled as necessary to enable each committee to appropriately discharge its responsibilities.

The Chairman and the Chief Executive Officer, in consultation with the Lead Independent Director, shall develop the agenda for each Board of Directors' meeting and send a draft of the agenda to the relevant Directors. Each Director is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for the meeting. The agenda must permit adequate time for discussion between management and the Board of Directors.

Each Committee Chairman in consultation with the Committee members and senior management, shall determine the frequency and length of the meetings of the Committee as deemed necessary to carry out the responsibilities of the Committee. The Committee Chairman shall preside over Committee meetings and have the power to establish rules and procedures for the conduct of Committee meetings.

The Committee Chairman, in consultation with the Committee members and senior management, shall develop agendas to ensure that all relevant issues are addressed at the Committee meetings.

The Committee agenda and meeting minutes of each Committee shall be shared with the full Board.

Each non-management Director may attend any meeting of any Committee with approval of the Committee Chairman.

### **Executive Sessions of Non-Management Directors**

The non-management Directors shall meet regularly in executive session. Normally, an executive session will be held prior to the scheduled Board of Directors meeting each quarter. The Lead Independent Director will preside at each executive session.

### **Board Information, Materials, and Presentations**

Information and data important to the Board's understanding of the business and any agenda items shall be distributed before the Board meetings with sufficient time for Directors to review and reflect on key issues and to request supplemental information as necessary. On occasions in which the subject matter is too sensitive to distribute, the information will be discussed at the meeting. Directors shall also have access to Corporation information as they may require.

Presentations to the Board shall be scheduled in a manner that will allow for question-and-answer sessions and for open discussion of key policies and practices.

### **Executive Selection, Career Development and Succession Planning**

The Board of Directors, upon the recommendation of the Executive Committee, is responsible for selection of a Chairman, a Chief Executive Officer, and a President (or any combination of these offices). The Board shall, upon the recommendation of the Compensation and Evaluation Committee, approve the appointment of all Executive Vice Presidents.

In order to enhance the executive decision-making process, the preferred governance model for the Corporation is for the Chief Executive Officer to also serve as the Chairman of the Board of Directors. In this capacity, the Chief Executive Officer serves as a bridge between management and the Board of Directors, ensuring that both act with a common purpose. However, the Board of Directors has the power to separate the functions of the Chief Executive Officer and the Chairman of the Board of Directors if such action is deemed to be in the best interests of the Corporation.

The Chief Executive Officer shall make a report annually to the Board of Directors, in executive session, on the Corporation's program for executive career development and succession planning. The Chief Executive Officer and the President shall on a continuing basis make recommendations and evaluation of their respective potential successors to the Board of Directors in the event of an unexpected disability or incapacity.

The Board of Directors, upon the recommendation of the Compensation and Evaluation Committee, shall approve a plan for contingencies such as the departure, death, or disability of the Chief Executive Officer and the President or other key executives so that, in the event of an

untimely vacancy, an emergency succession plan is in place to facilitate the transition to both interim and longer-term leadership.

The Board of Directors, following a review by the Compensation and Evaluation Committee, shall routinely monitor and review the career development and progression of senior executives of the Corporation and make recommendations to the Chief Executive Officer and the President as appropriate.

### **Executive Evaluation and Compensation**

The Compensation and Evaluation Committee shall ensure that executive compensation is aligned with long-term corporate performance and is in the best interests of the Corporation's policyholders' value.

The Compensation and Evaluation Committee shall review and approve the Corporation's goals and objectives relevant to the compensation of the Chief Executive Officer and the President. The Committee, in consultation with all non-management Directors shall evaluate the performance of the Chief Executive Officer and the President based upon the established goals and objectives and shall make a compensation recommendation to the Corporation's non-management Directors based upon the results of the evaluation. The non-management Directors shall make a final evaluation of the performance of the Chief Executive Officer and the President and a final determination of their compensation based upon the recommendations of the Compensation and Evaluation Committee.

The Compensation and Evaluation Committee shall also approve the compensation of Executive Vice Presidents. In addition to reviewing, making recommendations, and setting compensation for executive management, the Compensation and Evaluation Committee shall review certain employee benefit and compensation programs to determine that the programs are appropriate.

### **Independent and Internal Auditors**

The Board, through the Audit Committee, is responsible for engaging an independent auditor to audit the Corporation's financial statements, to review internal controls over the Corporation's financial reporting, examine the amounts and disclosures in the financial statements, assess the accounting principles and significant estimates made by the Corporation's management, and evaluate the Corporation's overall financial statement presentation. The Audit Committee shall periodically evaluate the qualifications, performance and independence of the auditor, and the nature and extent of non-audit services provided by the auditor to the Corporation. The Audit Committee shall recommend annually to the Board of Directors the reappointment or rotation of the independent auditor.

The Audit Committee shall monitor the performance of the Corporation's Internal Audit Division.

The Audit Committee shall ensure close coordination among the Corporation's management, the Board of Directors, the independent auditor, and the Internal Audit Division.

### **Access to Senior Management and Employees**

The Board should serve as a resource for senior management in matters of planning and policy. Directors shall have full and open access to senior management and other employees of the Corporation. Any meetings or contacts that a Director wishes to initiate may be arranged through senior management. Directors will use good judgment to ensure contact is not distracting to the business operations of the Corporation. Generally, the Chairman and the Chief Executive Officer shall be advised of significant business contacts between Directors and employees of the Corporation.

The Board encourages senior management to invite into Board and Committee meetings Corporation employees who can provide insight into items being discussed or have potential that senior management believes merits their being given exposure to the Directors.

### **Access to Independent Advisors**

The Board of Directors, as well as each of its Committees, shall have the right to retain independent outside financial, legal, compensation, or other experts or consultants, for any purpose reasonably related to the duties of the Board of Directors or any Board Committee. The expenses of such experts or consultants shall be paid by the Corporation.

### **Board Interaction with Third Parties**

The Board believes that senior management speaks for the Corporation. Individual Directors may, from time to time, at the request of senior management, meet or otherwise communicate with various constituencies (the press or public for example) on matters relating to the Corporation. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman, the Chief Executive Officer or Lead Independent Director. Generally, the Chairman, the Chief Executive Officer and the President should be advised of significant contacts related to the Corporation between Directors and third parties.

### **Disclosure Regarding Corporate Governance**

These governance standards will be made readily available to the policyholders of the Corporation and to any interested person upon request.

\* \* \* \* \*