

**RLI**



# Code of Conduct

DIFFERENT WORKS DIFFERENT WORKS DIFFERENT WORKS

---



**DIFFERENT WORKS**

**A Message from the Chairman of the Board and Chief Executive Officer**

As a leading specialty insurer, RLI has upheld a reputation for niche products, superior service, and cutting-edge technology. We are frequently confronted with making difficult decisions in an ever- changing business environment.

Not only is our Company subject to legal requirements, but it is also subject to the expectations of our customers, business partners, and shareholders. There are times when each of us is confronted with an important or difficult decision during the course of our careers. In most instances, there is usually a right answer and a wrong answer. However, sometimes there are gray areas in which the right course of action to take is unclear. The RLI Code of Conduct (Code) has been designed to help guide you through those complex decisions, especially when you are faced with navigating gray areas.

**Please make sure to read *all* the information contained in the Code.**

The Code was designed to provide guidance for you as a representative of RLI and for those who trust and respect the Company. Whether you have been part of the RLI team for one day or twenty-five years, you have a responsibility to know and follow the Code.

If anything about your work or the behavior of others at RLI is giving you cause for concern, it is your responsibility to bring it to management's attention. Although RLI practices an open door policy for all employees, if you feel more comfortable reporting concerns anonymously, there are a number of ways in which to do this. Whatever you wish to label it – suggestion, complaint, or grievance – there's a way to have your issue reviewed and resolved.

At RLI, our core values should never be compromised to meet a business plan or to make a profit. This can be accomplished by each RLI Director, Officer, and Employee upholding the Code and the RLI values. We all share the duty of making this proclamation an accurate statement of our commitment to ethical behavior and to our stakeholders.

Thank you for your commitment to RLI and for taking the time to read our Code of Conduct.

Sincerely,

A handwritten signature in black ink that reads "Jonathan E. Michael". The signature is written in a cursive, flowing style.

Jonathan E. Michael  
Chairman & CEO  
RLI Corp.

## TABLE OF CONTENTS

<b>OUR VISION, MISSION AND VALUES .....</b>	<b>4</b>
<b>EMPLOYEE RESPONSIBILITIES .....</b>	<b>5</b>
<b>MANAGEMENT RESPONSIBILITIES .....</b>	<b>6</b>
<b>RELATIONSHIPS WITH EMPLOYEES .....</b>	<b>7</b>
Fair Employment .....	7
Health and Safety .....	7
Solicitation.....	9
<b>RELATIONSHIPS WITH THE COMPANY.....</b>	<b>10</b>
Communications.....	10
Conflict of Interest .....	10
Intellectual Property Ownership .....	15
Information Management.....	16
Insider Trading.....	18
Related Party Transactions.....	18
Fair Dealing.....	19
Corporate Assets .....	20
<b>RELATIONSHIPS WITH THE GOVERNMENT .....</b>	<b>21</b>
<b>ASKING QUESTIONS AND REPORTING CONCERNS .....</b>	<b>22</b>

## OUR VISION, MISSION AND VALUES

The vision, mission, and values of RLI Corp. and its subsidiaries (“RLI” or the “Company”) do not change over time. Values are the resources we draw on when we need to make decisions and they form the groundwork for our ethical behavior. All that we do at RLI must be consistent with the values of the Company.

### VISION

As a leading provider of specialized insurance and financial services, RLI is focused on building and managing a portfolio of innovative products and solutions that meet and surpass the expectations of shareholders.

### MISSION

We provide customers with outstanding service through innovative risk management products and solutions.

We are dedicated to carefully chosen niche markets.

We attract outstanding talent and continuously develop our expertise.

We constantly re-evaluate, enhance, and reinvigorate our business model to create new products, services and delivery systems.

We create long-term shareholder value by pursuing profitable growth, underwriting for a profit, and earning returns that significantly exceed our cost of capital.

### VALUES

We are talented.

We are innovative.

We are customer focused.

We are driven.

We are people of integrity.

We are respectful.

We are owners.

## EMPLOYEE RESPONSIBILITIES

Whether you are new to RLI or a long-time employee, the decisions that you make and the actions that you take do make a difference. Everyone contributes to the overall success of RLI. Without a driven, talented group of employees, RLI would not have achieved its current accomplishments. In order to continue and expand upon this progress, all employees must demonstrate the utmost integrity. This includes employing our Code of Conduct on a daily basis.

Annually, each employee is expected to read, understand, and acknowledge the Code. No reason, including the desire to meet business objectives, can ever be an excuse for breaking the law or compromising the guidelines set forth in the Code. Violations to the letter or spirit of the Code will be subject to disciplinary action based on the situation, up to and including, termination of employment. Compliance with the Code can be simple if you follow these basic rules:

- Treat others with respect.
- Refrain from any knowingly or maliciously false remarks or dishonesty.
- Act with integrity and comply with applicable laws, rules and regulations. Strive to avoid even the appearance of impropriety. Report, in writing, gifts and favors you receive in your capacity as an RLI employee to your Manager and the General Counsel.
- Protect and do not disclose proprietary and confidential information as defined in the Code.
- Report any questions or concerns regarding violations of the Code; refer to *Asking Questions or Reporting Concerns* on page 20.

### Q & A

**Q: What if my Manager tells me to do something that violates the Code or something that may be illegal? I know I should tell someone, but I'm afraid that my Manager will make my job difficult for me if I do.**

A: The best place to raise your concerns would typically be with your Manager, but because it is your Manager's request that concerns you, your first action should be to contact either the Human Resources Department or the General Counsel. If you are uncomfortable contacting the Human Resources Department or the General Counsel or wish to remain anonymous, you should contact the third party anonymous service by phone (888-475-8376) or via the web (<https://www.compliancehelpline.com/welcomeRLI.jsp>).

**Q: What if I am getting pressure from management to change our financial numbers to something other than what I believe is correct? For example, what if underwriting management is exerting pressure not to increase case reserves to the level that I believe fairly reflects RLI's liability?**

A: Your responsibility is to be honest and accurate in all of your work. If you feel pressured to do otherwise, speak with your Manager or consult with the General Counsel. If you feel uncomfortable going through internal channels, you may contact the third party anonymous service by phone (888-475-8376) or via the web (<https://www.compliancehelpline.com/welcomeRLI.jsp>).

## MANAGEMENT RESPONSIBILITIES

Members of management are not only employees of RLI but they are also leaders. This bestows a special responsibility upon those in these positions. As a Manager, you should lead by example to safeguard and promote a culture of integrity, honesty, and ethical behavior. This can be accomplished by complying with the Code and these basic rules:

- Ensure that policies and procedures are clearly communicated to employees and followed.
- Create a comfortable and safe work environment for employees.
- Keep private information confidential and remind employees about the importance of complying with confidentiality restrictions.
- Evaluate current and potential employees on a non-discriminatory basis.
- Promote the importance of honest two-way communication by having an open door policy.
- Communicate that no retaliation will occur if employees report issues.

Members of our Board of Directors are also required to comply with our Code.

### Q & A

**Q: What if my best friend's daughter just graduated from college and would like to apply for a position two levels below me in my reporting chain? Can I forward her resume directly to the hiring Manager (my direct report)?**

A: Some of our best new hires come from employee referrals, and there is nothing wrong with this referral if you know the applicant yourself and are confident of the individual's capabilities. If you don't know the individual, either don't provide a referral or send to the Human Resources Department and indicate that you do not know the person. Refer to the Employee Referral Program and contact the Human Resources Department for more specific guidance.

## RELATIONSHIPS WITH EMPLOYEES

We all have an important responsibility to one another to help create a professional work environment. Our interactions with each other should be based upon mutual trust, respect and dignity.

### FAIR EMPLOYMENT

We are an equal employment opportunity employer with respect to all employees and applicants for employment. We prohibit discrimination based on any legally-protected basis. The following characteristics are protected categories under federal law: race, color, gender, pregnancy, childbirth or related conditions, age, mental or physical disability, religion, citizenship, national origin, veteran status, and genetic information, characteristics or testing. We prohibit discrimination based upon any other category protected by applicable federal, state or local law based upon the jurisdiction in which the employee works.

RLI firmly believes in upholding the principal of equal opportunity employment and applying this principal to the practices of recruitment, hiring, work environment, and management decisions regarding compensation, benefits, career development and all aspects of employment.

#### Q & A

**Q: What if I believe that I was passed up for a promotion because of my gender, race age, or other protected status? What should I do?**

A: RLI policy and the law require that employment decisions be made without regard to a candidate's status in a protected class. If you feel you were treated unfairly, contact the Human Resources Department or the General Counsel. If you feel uncomfortable going through internal channels, you may contact the third party anonymous service by phone (888-475-8376) or via the web (<https://www.compliancehelpline.com/welcomeRLI.jsp>).

### HEALTH AND SAFETY

We are committed to providing a safe, secure and healthy workplace and working environment for each of our employees. Violence, threats of violence, prohibited harassment, intimidation, or any other coercive behavior will not be tolerated. Such acts could lead to disciplinary action, up to and including, termination of employment.

These principles are reflected in the following policies:

#### **Tobacco-Free Environment**

We provide a safe and healthy work environment by prohibiting the use of tobacco throughout the workplace.

## Alcohol and Drug-Free Environment

We maintain an alcohol and drug-free work environment. The use, sale, or possession of alcohol, illegal drugs, or other illegal substances is strictly prohibited while at work, on company property, or while on company business. As a general rule, you may not consume alcohol while working, including lunches and meal breaks. Senior management may authorize, in advance, the consumption of alcohol for special occasions, events or business meetings, as long as such use is limited and does not violate any laws. When attending RLI-sponsored, client, or vendor meals where alcohol is available, all RLI employees are expected to drink in moderation, act responsibly, and not drive under the influence.

## Workplace Violence Prevention

We do not tolerate violence, threats of violence, prohibited harassment, intimidation, or any other coercive behavior directed at employees, customers, or members of the public doing business with the Company at any time, including off-duty periods. Firearms, weapons, and other dangerous or hazardous devices or substances are prohibited from RLI buildings.

## Harassment

We are committed to providing a work environment free of unlawful harassment and discrimination. We prohibit harassment and discrimination based on race, color, gender, pregnancy, childbirth or related conditions, age, mental or physical disability, religion, citizenship, national origin, veteran status, genetic information, characteristics or testing, and upon any other basis protected by federal, state or local law.

<b>Q &amp; A</b>	<b>Q: What if the person harassing me is my Supervisor? If I complain, couldn't I lose my job?</b>
	A: No. You are a valued member of RLI, and you are entitled to work in an environment free from intimidating, hostile, or offensive behavior - from anyone. Contact the Human Resources Department or the General Counsel for help if this occurs. If you feel uncomfortable going through internal channels, you may contact the third party anonymous service by phone (888-475-8376) or via the web ( <a href="https://www.compliancehelpline.com/welcomeRLI.jsp">https://www.compliancehelpline.com/welcomeRLI.jsp</a> ).
<b>Q &amp; A</b>	<b>Q: What if I received an email and it included very offensive jokes? Is that harassment?</b>
	A: Offensive jokes sent through Company email, regardless of their intended recipient, have no place in a workplace that values dignity and respect for every employee. You may respond directly to the coworker, notifying him or her that you found the email offensive. Ask the individual to refrain from sending such emails in the future, and say that you will escalate the matter if it continues. If you are not comfortable responding to the coworker, you can contact the Human Resources Department or the General Counsel. If you feel uncomfortable going through internal channels, you may contact the third party anonymous service by phone (888-475-8376) or via the web ( <a href="https://www.compliancehelpline.com/welcomeRLI.jsp">https://www.compliancehelpline.com/welcomeRLI.jsp</a> ).

## SOLICITATION

You may not solicit or distribute non-RLI, for-profit products or services at RLI. Limited fundraising for family member activities, such as Girl Scout cookies or high school football boosters, and other charities is permissible if it is done in a discreet, non-intrusive manner. You should avoid pressuring coworkers to support these activities. RLI retains the right to remove items at its discretion.

### Q & A

**Q: What if I sell cosmetic products as a part-time job? Can I set up a display at my desk? If not, can I just leave a catalog on my desk?**

A: No, you are not allowed to set up a display anywhere in the office or leave a catalog on your desk or anywhere else. This would be considered solicitation on behalf of commercial and/or for profit entities, which is not permitted in any RLI location at any time. While you are not verbally asking employees to buy Avon products, leaving a catalog on your desk would be nonverbal solicitation on behalf of a commercial and/or for-profit entity.

## RELATIONSHIPS WITH THE COMPANY

We each have a role in helping RLI maintain its integrity by keeping accurate and complete company records, by safeguarding RLI property (including confidential information about our business and clients), and by making business decisions that are uncompromised by personal interests.

### COMMUNICATIONS

#### Email and Electronic Communication

Be conscientious and responsible. Do not access, distribute, download, or upload material that is prohibited by law or that contains sexual content. Do not distribute or upload material containing violent, sexually explicit or similarly offensive language or content that is prohibited by any Company policy. Avoid making derogatory comments about race, gender, sexual orientation, age, or religion. You should apply good judgment when using email or social media and employees and directors have the responsibility to protect proprietary and confidential company information at all times. There is no guarantee of privacy with email or social media accessed through our network.

#### Mobile Communication Devices

All laws governing the use of mobile communication devices must be followed. For further information around the use of mobile devices, please refer to the RLI Employee Handbook.

### CONFLICT OF INTEREST

Each individual at RLI has a duty of loyalty to the Company and must act at all times in its best interests when performing their jobs. Your position within the Company cannot be used for personal gain. While some specific areas where conflicts may exist are noted below, any situation that creates or appears to create a conflict between personal interests and the interests of RLI must be avoided and/or disclosed to management and the General Counsel. If you encounter a conflict that is not covered by this policy or you are uncertain if a conflict exists, consult with your Supervisor and the General Counsel. If there are questions around the appropriateness of a situation, your Manager and/or the General Counsel will determine what is in the best interest of RLI and whether the item(s) in question should be accepted.

#### Gifts, Favors or Loans

Gifts and favors from any company or person who conducts business with, competes with, or seeks to do business with RLI may never be solicited. It is never permissible to accept a gift or favor in cash or cash equivalents (securities, negotiable instruments, or pre-loaded credit/debit cards with no restrictions on use). Gifts and favors may be accepted if the combined fair market value of what is received from the provider does not exceed \$300 in a given year. You must disclose in writing to your Manager and the General Counsel all business gifts and favors you accept over \$50 as soon as you are made aware of the gifts. You must disclose to your Manager and the General Counsel if you are unsure

of the gift's market value. If your Manager or the General Counsel believes there is a conflict, or the appearance of a conflict, you must not accept the gift.

No personal loans or guarantees of obligations to an employee or director (other than from banks in the ordinary course of business on terms generally available to third parties) are allowed from outside vendors of RLI.

## Q & A

**Q: At holiday time a third party contracted by RLI to adjust claims sends a fruit basket, with an approximate value of \$80, to an RLI claims Manager to thank them for their business. Is it okay for the Manager to accept this?**

A: As long as the gift does not create or appear to create a conflict you can accept the gift. Since the value is over \$50, you must notify your Manager and the General Counsel in writing to inform them of the gift. You should always consider sharing the gift with your department or donating it to charity

### Meals, Travel, Lodging and Entertainment

Meals and entertainment from any company or person who conducts business, competes with, or seeks to do business with RLI may never be solicited. Some examples of entertainment are sporting events, shows, games, hunting, and golf outings. You may accept invitations to breakfast, lunch, dinner or other social and sporting events if the purpose of the event is to foster a better business relationship. When possible and acceptable in the business setting, you may offer to share expenses with the provider or provide reimbursement. This demonstrates that we value the business relationship we have established. No employee may accept tickets or invitations for an entertainment function when the prospective host will not be present at the event.

Any travel or lodging paid by a third party that has or is seeking a business relationship with the Company should be disclosed in writing to both the employee's Manager and the General Counsel. If your Manager or the General Counsel believes there is a conflict or the appearance of a conflict, you must not accept the gift.

## Q & A

**Q: What if I receive a call from a broker who offers me tickets to a Red Sox baseball game but he is unable to attend and he can't find anyone else to use them? Can I still accept the tickets when the broker is not present?**

A: No. No one may accept tickets or invitations to entertainment events when the host is not present.

**Q: What if a reinsurer invites me to join them for a golf trip in the northeast? The reinsurer is paying for the golf and hotel, but I am responsible for my flight. Is this appropriate?**

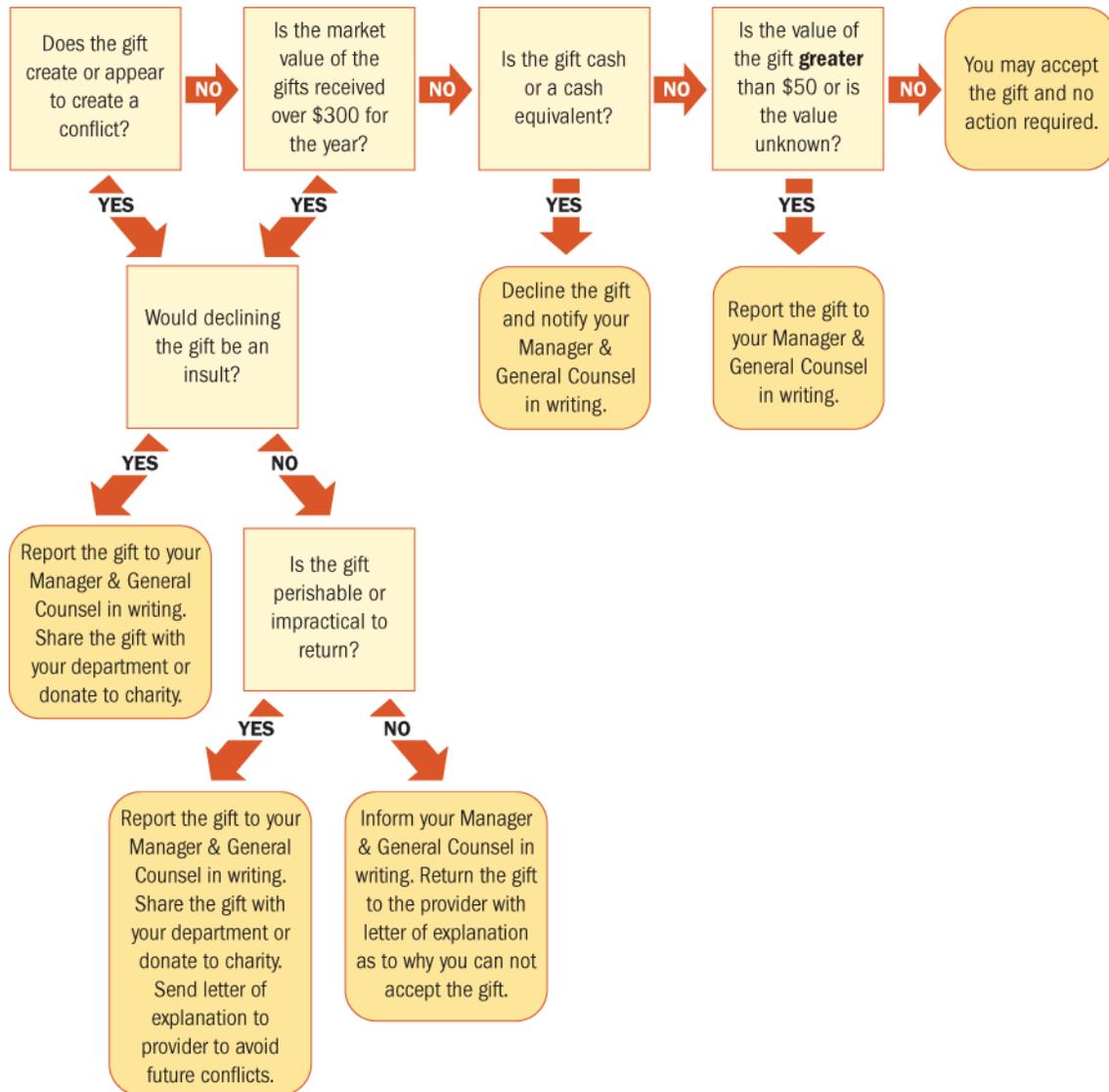
A: You must act in the best interest of the Company at all times and your position cannot be used for personal gain. It is acceptable to attend an event with a business partner as long as it fosters better business relationships. Efforts should be made to share the cost and this event should be shared and discussed with your Manager. You are required to disclose, in writing, to your Manager and the General Counsel any lodging or travel paid by the reinsurer.

### **How to Handle Prohibited Gifts, Favors, or Entertainment**

If acceptance of a gift, invitation to an entertainment event or favor either obligates the Company to do business with the donor or would cause embarrassment to RLI if publicly disclosed, the gift should be rejected or declined. If you receive prohibited items, you must notify your Manager and politely return the item with an explanation of RLI's policy to the provider. Additionally, here are some other things to consider if you receive a prohibited item:

- If it is perishable and impractical to return, it should be reported in writing to your Manager and the General Counsel and shared with the department or donated to a charitable organization and a letter of explanation should be sent to the party sending the gift.
- If declining or offering to pay for the gift would be considered an insult to the giver, the gift must be reported in writing to your Manager and the General Counsel. If feasible, share it with the department or donate it to a charitable organization.

Additional information on how to properly handle gifts that you may receive is provided below.



Q & A	<p><b>Q: What if I receive a gift that I know is inappropriate? What should I do?</b></p> <p>A: Return it to the donor with a polite explanation that RLI policy prohibits you from keeping it. In addition, you should notify your Manager and the General Counsel that you received and returned the gift.</p>
-------	--

### Giving Gifts

Gifts, entertainment or favors may be provided to business partners at the Company’s expense if they are consistent with accepted business practices, are limited in value, and given in accordance with ethical standards. Gifts between employees of the Company shall not be paid by the Company and should be limited in value and not imply an obligation with respect to any aspect of employment.

## Political Contributions

Contributions and gifts on behalf of the Company to government personnel or regulators are prohibited. Gifts would include use of the corporate jet for non-business purposes. All political contributions made on behalf of the Company to lobbyists or political candidates must be made in compliance with all applicable laws and require pre-approval by the Chief Executive Officer and the General Counsel.

## Business With Family Members

A conflict may arise when you conduct business with an organization that is employed by or at least 5% owned by your family members. Disclosure in this situation is important. Employees must obtain written approval from their Manager and the General Counsel before RLI conducts business with the family members or their organizations.

### Q & A

**Q: What if one of my relatives or a close personal friend works for an RLI customer or vendor?**

A: RLI needs to know so that appropriate action can be taken to prevent potential conflicts from affecting (or appearing to affect) company decisions. For example, if your sister works for a vendor and your Manager has just informed you that she wants you to join a proposal team looking at bids from various companies, including the one that employs your sister, you must disclose it to your Manager and the General Counsel.

RLI employees may not work for or accept compensation from an RLI competitor or own more than 5% of an RLI competitor. In addition, employees cannot work for or own more than 5% of companies that do business with RLI or those in which RLI has invested, unless you have prior written approval of Management and the General Counsel. Company equipment, personnel, facilities, or supplies cannot be used to conduct a personal business venture.

Whether directly or indirectly, employees are not permitted to have any position with or substantial interest in any business or property, or engage in any employment or other activity, that interferes with the performance of your duties, conflicts or competes or might reasonably be supposed to conflict or compete with RLI's interest, or affects your independent judgment to act in RLI's interests.

Employees are employed by RLI for the benefit of the Company. You have a duty to advance the legitimate and ethical interest of RLI when the opportunity arises in all aspects of your work.

Employees and members of the

Board of Directors are not allowed to take advantage of any business opportunity learned about through employment or board service at RLI without first offering the opportunity to RLI in cases where the opportunity is suitable for RLI.

Although RLI does not seek to regulate the personal lives of its directors, officers or employees, it cannot condone activities which interfere with the performance of RLI duties, create a conflict of interest or unfair business advantage. Likewise, financial interests in other businesses which have a business relationship with RLI

must be disclosed (i.e. ownership of stock in a company other than ownership of a nominal amount of stock in a publicly owned entity).

<b>Q &amp; A</b>	<p><b>Q: What if I operate a small side business from home? Both my Manager and General Counsel have determined that the business does not violate the Code or represent a conflict of interest with my RLI work. Is it okay for my customers to leave messages on my RLI voicemail?</b></p> <p>A: No. Even though there is no conflict of interest, you must use RLI company assets (including the communications system and voicemail) only for RLI business. Employees are not permitted to use assets or spend time during work hours to support a second job, self-employment venture, or consulting effort.</p>
------------------	---

<b>Q &amp; A</b>	<p><b>Q: What if I am not sure about whether an activity outside of work poses a conflict of interest?</b></p> <p>A: Unfortunately, it is not possible to list all the circumstances that might signal potential conflicts of interest. One of the best ways to gauge whether the activity creates a conflict of interest is to ask yourself a series of questions: Does the activity interfere (or give the appearance of interfering) with the duties that I perform at or owe to RLI? Am I, a member of my family, or a close personal friend receiving personal benefits through the activity because of my position with the Company? Does the activity compete against the interests of RLI? If you answer “yes” to any of these questions, the activity may indeed create a conflict of interest and must be disclosed. If you are not sure, contact your Manager or the General Counsel for assistance.</p>
------------------	---

## INTELLECTUAL PROPERTY OWNERSHIP

RLI invests in its employees and expends significant resources to make certain employees have the necessary equipment and facilities to perform their jobs. RLI property may not leave the premises without the expressed consent of an authorized Manager or Officer. Any appropriation or damage of such property will be reported to the proper authorities and an investigation could result in criminal prosecution as well as restitution.

Intangible property refers to products, ideas, concepts, and theories, regardless of whether or not they have been copyrighted or trademarked. Any employee creating, developing or discovering these intangibles, that could or do relate to the business of RLI, does so solely for the benefit of RLI regardless of whether it was done on or off the premises. RLI has the sole right and ownership to these intangibles and is not required to give any payment or compensation to the employee who created, developed or discovered the intangible property.

## Q & A

**Q: What if I have this really great presentation that I created? Can I e-mail this to my personal email account and keep this as a sample of my work and use it at another employer?**

A: No, absolutely not. All work product created for RLI is RLI's exclusive property and you have not ownership or other rights to it. In addition, RLI has an Intellectual Property Ownership Policy that prevents employees from taking RLI proprietary material when they leave RLI. All presentations and work products you create during the course of your employment are RLI proprietary material owned by RLI.

## INFORMATION MANAGEMENT

We are required to protect the privacy and confidentiality of every customer's personal, medical, financial and claims records, as well as confidential information of the Company. Never disclose confidential information to anyone, internally or externally, other than to those with a legitimate business need for the information.

"Confidential information" means information, or a compilation of information, in any form (on paper, in an electronic file, or otherwise), related to the Company's business that the Company has not made public or authorized to be made public, and that is not generally known to the public through proper means.

By way of example, confidential or proprietary information includes nonpublic information regarding the Company's business methods and plans, databases, systems, technology, intellectual property, know-how, marketing plans, business development, products, services, research, developments, inventions, financial statements, financial projections, financing methods, pricing strategies, customer sources, protected employee health/medical records, system designs, customer lists and methods of competing. Confidential information does not include information lawfully acquired by non-management employees about wages, hours or other terms and conditions of employment, if used by them for purposes protected by §7 of the National Labor Relations Act such as joining or forming a union, engaging in collective bargaining, or engaging in other concerted activity for their mutual aid or protection.

Nothing in this Code of Conduct prohibits an employee from communicating with any governmental authority or making a report in good faith and with a reasonable belief of any violations of law or regulation to a governmental authority, or disclosing Confidential information which the employee acquired through lawful means in the course of his or her employment to a governmental authority in connection with any communication or report, or from filing, testifying or participating in a legal proceeding relating to any violations, including making other disclosures protected or required by any whistleblower law or regulation to a government authority. To the extent an employee discloses any Confidential Information in connection with communicating with a governmental authority, the employee will honor the other confidentiality obligations in this Code of Conduct and will only share such Confidential Information with his or her attorney, or with the government agency or entity.

Nothing in this Code of Conduct shall be construed to permit or condone unlawful conduct, including but not limited to the theft or misappropriation of Company property, trade secrets or information.

<b>Q &amp; A</b>	<p><b>Q: What if a newspaper agency called me to discuss how the economy was affecting RLI and our business? How should I handle this situation?</b></p> <p>A: It is critical to refer these questions immediately to the Communications Services Department. Only designated individuals are allowed to talk to the media on behalf of RLI.</p>
------------------	--

### **Computer Security**

Our reliance on computer technology at RLI continually grows and proper use is vital to our ongoing operations. Information systems and the hardware, software and data processed by computers and stored by them are critical to the management, marketing and operations of the Company. Both the systems and the data they process must be carefully safeguarded and protected against damage, theft, fraudulent manipulation and unauthorized access to, and disclosure of, confidential information. Computer programs developed by employees within the scope of employment and/or pertaining to RLI's business activities are the property of RLI. All rights to such programs are held exclusively by the Company.

The rights to any computer programs developed by RLI are held exclusively by the Company. Likewise, no copy of any software licensed to RLI by another entity may be copied. Not all software programs used are owned by the Company. Many are proprietary products licensed from other companies which, to protect their rights, impose copyright and other contractual obligations on RLI. Do not copy software programs without the written permission of the company that owns the rights to the program. In addition, do not make any software or licensed program, any copy of a program or any program documentation available for use by anyone outside the Company or by any employee for personal purposes.

### **Information Protection**

RLI is committed to the protection of confidential information in RLI's knowledge, possession or control. Employees and directors may not disclose to unauthorized persons, or use for their own personal benefit or profit, any confidential information they obtain as a result of their employment or board service at RLI.

### **Record Retention**

RLI documents, including electronic data should be retained and destroyed in accordance with RLI's Record Retention Policy.

## Q & A

### **Q: Can I throw out or delete all the project documentation concerning a project I have recently completed?**

A: There is business value in storing records related to a project; however, we should only keep necessary information. Retention guidelines will differ from project to project. RLI has a legal obligation to retain records as provided in the RLI Record Retention Policy, which incorporates applicable laws and regulations, and an obligation to prevent the disposition of information related to an investigation, claim, or lawsuit. Contact the General Counsel for any questions related to record retention.

## INSIDER TRADING

RLI is committed to fair and open markets for publicly traded securities. Insider trading, including stock tipping, is a criminal offense. You are required to fully comply with applicable laws as well as avoid even the appearance of impropriety. In addition to possible criminal prosecution and litigation which can result in damages of sizable amounts, illegal insider trading can result in serious, negative publicity and embarrassment to you and RLI.

You and members of your immediate family, including family members living in your household, are subject to the Insider Trading Policy. Before trading in RLI securities, you must read the policy and comply with its terms.

## Q & A

### **Q: What if I become aware of RLI's quarterly earnings release results before they have been publicly announced? May I purchase company stock, knowing that information?**

A: No. This information would be considered material, nonpublic information, and the purchase of RLI stock would be a violation of RLI policy and a potential violation of federal securities laws. You may purchase company stock only after such information is made known to the public.

## RELATED PARTY TRANSACTIONS

A *Related Person* includes the following:

- A senior officer (which shall include at a minimum each Vice President and Section 16 reporting officer) or member of the Board of Directors of the Company;
- A shareholder owning in excess of five percent (5%) of the Company (or its controlled affiliates);
- A person who is an immediate family member of a senior officer or director; or
- An entity which is owned or controlled by someone listed above, or an entity in which someone listed above has a substantial ownership interest or control of such entity.

For these purposes, a *Related Party Transaction* is a transaction between the Company and any Related Person (including any transactions requiring disclosure under Item 404 of Regulation S-K under the Securities Exchange Act of 1934), other than:

- transactions available to all employees generally; or
- transactions involving less than \$10,000 when aggregated with all similar transactions.

All Related Party Transactions are to be disclosed in the Company's applicable filings to the extent required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules. Furthermore, all Related Party Transactions must be disclosed to, and approved by, the Nominating/Corporate Governance Committee of the Board for all transactions between the Company and its directors, officers, shareholders owning in excess of 5 percent of the Common Stock of the Company, and their family members and affiliates, above \$10,000.

## FAIR DEALING

Each of us must deal fairly with the Company's customers, suppliers, competitors, officers and employees. Fairness requires that we deal with our competitors at arm's length. For example, agreements to restrain trade by setting prices with competitors violate antitrust laws designed to encourage competition. Unless you have the prior approval of the General Counsel, you may not enter into discussions or agreements, oral or written, with competitors concerning competitive information, practices or strategy, including discussions regarding pricing, terms or conditions of insurance, or denial or extension of particular policy coverage. Under ***no circumstances*** can you discuss the following with a competitor: agreeing on pricing, dividing customers, instituting territorial restrictions or boycotting, injuring or otherwise taking joint action regarding another competitor, supplier or customer.

## Q & A

**Q: What if my former employer was one of RLI's competitors? Is it okay to talk with my RLI coworkers about some of its sales strategies?**

A: No. You have an obligation to protect the proprietary information of your former employer, and that obligation does not end when you leave its employment. You should disclose the fact that you formerly worked for a RLI competitor to your Manager and be sure to abide by all the obligations of confidentiality owed to your former employer.

**Q: While attending an industry event, several competitors are discussing terms and pricing. Is it okay to listen even though I do not share any RLI information?**

A: No. It is not acceptable to listen or engage in a discussion of this type, as it may give the appearance of setting pricing with competitors and violating antitrust laws.

## CORPORATE ASSETS

You are expected to protect the Company's assets and to ensure their efficient use. Theft, carelessness and waste have direct impacts on the Company's profitability. All Company assets shall be used for legitimate business purposes only.

## RELATIONSHIPS WITH THE GOVERNMENT

Not only do we have relationships with other employees and the Company, but we also have a relationship with the government. It would be difficult to list and explain each and every law which affects this relationship. Moreover, laws change and are subject to judicial interpretation. Compliance with federal and state laws is not just suggested, but required as a representative of RLI Corp. Should there be any questions about the intent of the law or whether it's applicable to your particular job, assume that it is and check with the General Counsel for further information.

We will submit full, fair, accurate, timely and understandable disclosure in reports and documents we file with the Securities and Exchange Commission and in other public communications filed by us.

## ASKING QUESTIONS AND REPORTING CONCERNS

We want you to ask questions whenever you are in doubt about the right course of action to take. RLI takes compliance with laws and our Code seriously. We encourage reporting of any actual or potential noncompliance or illegality. RLI will not retaliate, discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee taken with respect to good faith reporting of complaints regarding accounting impropriety, legal/criminal concerns, or Code violations.

### REPORTING ACCOUNTING/AUDITING CONCERNS

Concerns related to accounting/auditing impropriety, theft, or fraud should be reported immediately to the General Counsel. Accounting concerns will be reviewed under Audit Committee direction and oversight by the General Counsel, Internal Audit or such other persons as the Audit Committee determines to be appropriate.

### REPORTING LEGAL/CRIMINAL CONCERNS

Any known or suspected legal concerns or criminal activities, including improper or illegal activities outside the United States, should be reported immediately to the General Counsel.

### REPORTING HUMAN RESOURCES CONCERNS

Human Resources and personnel concerns such as discrimination, harassment or employee safety can be raised to a member of management; your Human Resources representative; Vice President, Human Resources; or the General Counsel.

### REPORTING CODE OF CONDUCT VIOLATIONS

Employees should speak with Supervisors, Managers or the General Counsel about a known or suspected violation of the Code.

### ANONYMOUS/EXTERNAL REPORTING

#### ANONYMOUS REPORTING

RLI has an open door policy and encourages reporting of concerns to RLI personnel as outlined above. However, if you wish to remain anonymous, RLI has retained Global Compliance, an independent third party service, to enable confidential reporting of accounting, legal, HR or Code of Conduct concerns. Any communications through this third party service will be kept confidential. The reporting system is

only accessible by the General Counsel; the Chairman of the Audit Committee; and the VP, Internal Audit. Anonymous reporting to the third party may be done via Internet and/or telephone at: 888-475-8376 and <https://www.compliance-helpline.com/welcomeRLI.jsp>.

#### EXTERNAL REPORTING

Reporting accounting, legal or Code of Conduct concerns may also be e-mailed to the Chairman of RLI's Audit Committee of the Board of Directors:

Mr. James Scanlan    E-mail: [James.Scanlan@rlicorp.com](mailto:James.Scanlan@rlicorp.com)