



Conflict of Interest & Code of Conduct Policy

Respect is the foundation of the business philosophy of SeaBright Insurance Holdings, Inc. (the "Company"). The purpose of this Conflict of Interest and Code of Conduct Policy (the "Code") is to provide a framework for identifying ethical issues, to establish the importance of exercising sound judgment and making ethical business decisions in activities of the Company, and to recognize the shared values we have with our customers, stockholders, employees, and brokers. All directors, officers, employees, and agents of the Company, and members of their immediate family, are subject to the Code.

- To Our Customers, we are committed to providing quality services, and to communicating accurately and properly.
- To Our Stockholders, we are committed to growing the value of the Company through sound and ethical business dealings and practices, while meeting our legal obligations.
- To Our Employees, we are committed to fair and unbiased treatment, to our policy against discrimination in the workplace, and providing a safe and healthy working environment.
- To Our Brokers, we are committed to an ethical business relationship based upon competition and establishing mutually beneficial long-term relationships.

As part of this commitment and in accordance with this General Statement, members of the Company's Board of Directors are expected to act in accordance with their fiduciary duties under Delaware law; to promptly disclose all conflicts of interests to the fellow directors of the Company as required by Delaware law; offer to recuse themselves from participation in any decision in which there is a conflict between their personal interests and the interests of the Company; and to refrain from taking advantage of corporate opportunities that come to their attention as a result of service as a director of the Company absent approval of the Board of Directors.

Waivers of application of the Code for executive officers or directors must be approved by the Board of Directors or its designated committee and be disclosed to the extent required by law or regulation.

I. POLICIES AND PRACTICES*

A. Compliance with Laws

You must obey the laws of the jurisdictions in which the Company operates. Where necessary, seek guidance from your supervisor or the Chief Executive Officer. No person has authority to violate any law or to direct others to violate any law on behalf of the Company.

B. Conflicts of Interest

A conflict of interest may arise where your loyalties are divided, or appear to be divided, between your business interests and those of the Company. The Company expects that you will not knowingly place yourself in a position that would have the appearance of being, or could be construed to be, in conflict with the Company's interests. The following is not exhaustive, but identifies potential areas of conflicted interests:

1. Accepting Gifts and Entertainment

Accepting any gift of more than nominal value or entertainment that is more than a routine social amenity can appear to be an attempt to gain favorable treatment from the recipient.

a. Gifts, Entertainment and other Gratuities to the Company's Representatives

You are urged to give careful consideration to the acceptance of any gift of more than nominal value. The key is to keep an arm's length relationship, to avoid excessive or lavish gifts, and that the gift is reasonable and appropriate under the circumstance. Gifts of any amount may never be solicited, and gifts of cash or securities may never be accepted. In the case of entertainment, it must be of a reasonable nature and in the course of a meeting or another occasion for the purpose of bona fide business discussions or to foster better business relations. In cases where the gift is of more than nominal value, you should consult the Chief Executive Officer, Executive Vice President or Chief Financial Officer on proper handling.

b. Gift and Business Courtesies to Federal, State and Local Government Employees

It is the Company's policy to comply strictly with laws governing the offering of gratuities and other items of value to federal, state and local government employees. The following is a guide: Federal Executive Branch Employees.

You are prohibited from giving anything, except as follows:

- SeaBright advertising or promotional items of limited intrinsic value.
- Modest refreshments, such as soft drinks, coffee, and donuts in connection with business.
- Business-related meals and local transportation with an aggregate value of \$50 or less per occasion and not exceeding \$250, in the aggregate, in any calendar year.
- Other exceptions as approved by the responsible ethics official.

Federal Legislative and Judicial Branch, and State and Local, Employees.

Since these employees are governed by a wide variety of laws and regulations, please consult with the responsible ethics official prior to offering anything of value.

c. Gifts and Business Courtesies to Non-Government Persons

You are permitted to provide meals, refreshments, entertainment, and other business courtesies of reasonable value to non-government persons in support of the Company's business activities, so long as this practice (i) does not violate any law or regulation, or the standards of the recipient's organization, and (ii) is consistent with industry practices, infrequent in nature, and not lavish or extravagant. While the latter is difficult to define with specificity, use common sense and good judgment. It is illegal for the Company or its representatives to pay to or receive anything of value from any labor organization.

2. Outside Employment/Conflicting Outside Activities

Employees are not to engage in outside work or conflicting outside activities that have, or could have a material effect on the employee's duties for the Company; imply sponsorship or support by the Company; adversely affect the reputation of the Company, or otherwise compete with the Company. This prohibition also extends to the unauthorized use or application of resources and of any proprietary, confidential, or trade secret information or intellectual property. If you wish to accept outside employment or engage in a conflicting outside activity (or have any questions about whether an outside activity conflicts with your employment by the Company), you must submit a request containing pertinent information about the outside employment or activity and obtain the prior written approval of your supervisor. Employees who have been authorized to engage in, and have accepted, outside work or an outside activity may not use paid time off to pursue that effort.

3. Interests in Other Businesses

Unless approved in advance by an employee's supervisor, neither an employee nor his or her spouse or any other member of the employee's immediate family, may directly or indirectly have a significant financial interest in a competitor, or in a customer or broker if that employee or his or her subordinates deal directly or indirectly with that customer or broker in the course of his or her job with the Company. A "significant financial interest" is defined as ownership of more than five percent (5%) of the outstanding capital stock of a public company or any ownership interest in a company that is not publicly traded. In addition, if you are a director, officer, partner or have an ownership interest in a party with which the Company is doing business, or contemplates doing business (even indirectly, by way of example, through a family member), that interest must be approved by the Audit Committee of the Board of Directors of the Company prior to the transaction. Furthermore, if you wish to serve as an officer or director to an outside business on your own time, you must receive prior approval in writing from the Chief Executive Officer, Executive Vice President or Chief Financial Officer. If the circumstances of the outside business change substantially, you must seek re-approval. (Employees are permitted, however, to serve on charity boards or in family businesses that have no relationship to the Company).

4. Political Involvement

You are advised that your participation in the political process, including any donations, must be for yourself individually, on your own time, and at your own expense. The Company will not reimburse you for such contributions and you should not request such reimbursements.

C. Use and Protection of Information, Property, Systems and Other Resources

The facilities and other resources provided by the Company are to be used in support of its business. Any personal use permitted by Company policy must be incidental, not interfere with work requirements, and not be excessive.

1. Offensive and Inappropriate Material; Illegal Activities

The Company's policies prohibit using these resources to send, distribute or receive illegal, sexually explicit, abusive, offensive, profane, defamatory or other inappropriate content.

2. Solicitation on Work Premises

Solicitation not related to the business of the Company in its workplace is prohibited without the prior written

consent of the Chief Executive Officer, Executive Vice President or Chief Financial Officer.

Sites may have bulletin boards or other procedures for distributing general interest, local information at work sites. Use of these resources are authorized when related to charitable or like efforts, are limited to the designated bulletin boards or other areas, and result in no personal solicitation (i.e., posting of a sign-up sheet). Consult with your supervisor or facility manager for local bulletin board and e-mail procedures.

3. Theft and Misuse of the Company's Resources

Actual or attempted theft or misuse of the Company's resources, including documents, equipment, intellectual property, personal property of other employees, cash or any other items of value is subject to immediate termination and possible criminal proceedings. You have a responsibility to report any actual or attempted theft or misuse to the Company's management.

4. Proprietary and Other Confidential Information

You must safeguard and hold in strict confidence proprietary, confidential and/or trade secret information, including information of the Company or any of its business partners. You should exercise reasonable prudence and care in dealing with such information. Your use of the information is strictly limited to your work for the Company and the relevant project on which the information was disclosed to you. Any such information must be returned when requested or upon the termination of your employment.

5. Other Competitive Information

The Company will not condone obtaining information concerning competitors through illegal means or other illicit or non-industry standard means, the propriety of which could be questioned under any conceivable circumstance.

6. Third Party Intellectual Property

Unauthorized use of third party intellectual property, including copyrighted materials, trademarks, and patented items, by employees is strictly prohibited. You should be aware that unauthorized use can result in both civil and criminal penalties and sanctions. Employees are to comply with guidelines established by the Company, to report violations to the Chief Information Officer, and to consult the Chief Information Officer for questions regarding appropriate usage and authorization.

D. Securities Laws

It is your obligation to safeguard the Company's non-public information and not to share this information with anyone except as required by your work responsibilities. Non-public information is information that has not been disclosed or made available to the general public. Such information may include financial data, significant wins or losses, plans for acquisitions, material contracts, or the hiring, firing or resignation of a member of the Board of Directors or an officer of the Company.

Trading in stocks or securities based on non-public information, or providing non-public information to others so that they may trade, is illegal and may result in prosecution. The trading of stock by directors, officers and employees of the Company is subject to compliance with applicable laws and the Company's Policy on Conflict of Interest and Code of Conduct Policy on Insider Trading and Disclosure of Confidential Information. Employees having questions about the sale or purchase of a security that might involve non-public information or securities laws should review the Company's Policy on Insider Trading and Disclosure of Confidential Information and then consult the Chief Executive Officer. Just as the Company values and protects its own non-public information, we respect the non-public information of other companies.

E. Bribery, Kickback and Fraud

No funds or assets shall be paid, loaned or otherwise given as bribes, kickbacks, or other payments designed to influence or compromise the conduct of the recipient; and no employee of the Company shall accept any funds or other assets for assisting in obtaining business or for securing special concessions from the Company. You should conduct Company business in such a manner that our reputation and integrity will not be impugned if the details of their dealings should become a matter of public discussion. To illustrate the standard that the Company expects every employee to maintain, the following conduct is expressly prohibited:

- Payment or receipt of money, gifts, loans or other favors that may tend to influence business decisions or compromise independent judgment;
- Payment or receipt of rebates or kickbacks for obtaining business for or from the Company;
- Payment of bribes to government officials to obtain favorable rulings; and
- Any other activity that would similarly degrade the reputation or integrity of the Company.

Employees have a responsibility to report any actual or attempted bribery, kickback or fraud.

F. Workplace Health and Safety

The Company is committed to providing a drug-free, safe, and healthy workplace in accordance with applicable laws and regulations. Therefore, you are required to follow carefully all safety instructions and procedures that the Company implements. You should promptly report accidents, injuries, or other health and safety concerns, and refer related questions, to your supervisor or the responsible facility manager.

G. Employment Matters

The Company is committed to fostering a business-like atmosphere that promotes equal employment opportunities and prohibits discriminatory practices, including harassment. The Company expects that relationships among persons in the workplace will likewise be business-like and free of unlawful bias, prejudice and harassment. You are expected to be conscientious, reliable, and honest; to perform assigned responsibilities and duties in accord with acceptable standards; to be courteous and cooperative with co-workers, management, customers and brokers; and to ensure the integrity and ethical standards of the Company. You will not engage in activities that interfere with the performance of their duties or those of others, or with the operating procedures of the Company or those of our customers.

1. Non-Discrimination/Anti-Harassment

The Company's policy is to ensure equal employment opportunity without discrimination or harassment on the basis of age, color, disability, national origin, race, religion, sex, or other status protected by applicable law.

2. Anti-Retaliation

No employee may interfere with or retaliate against another employee who invokes his or her legal rights, or participates in an investigation, and any such retaliation may result in the termination of your employment.

3. Workplace Relationships

Employees are not permitted to maintain a close personal or private relationship where their employment relationship is of a supervisor/subordinate nature, involves financial or audit oversight or control, or constitutes a possible conflict of interest. Employees are expected to disclose the existence of such a relationship when it arises. The Company will endeavor to exercise discretion in its review of the matter, and the Company may elect to arrange for a suitable change in the working relationship, subject to the approval of the Company's management. In the event that efforts to arrange for a suitable change in the working relationship cannot be implemented within a period of time acceptable to the Company, the Company reserves the right to require resignation of one or both of the employees from the Company.

4. Substance Abuse

No employee may use, possess, distribute, sell, or be under the influence of alcohol or illegal drugs; use over-the-counter or prescription drugs used in a manner inconsistent with the legally prescribed amount and accompanying instructions; or improperly or illegally use any inhalant or perception-altering substance in the performance of work for the Company, or while using resources or on the premises of the Company.

H. Books and Records

The Company's internal accounting controls are intended to safeguard the assets of the Company and to ensure the accuracy of its financial records and reports, which form the basis for managing our business and fulfilling our obligations to stockholders, employees, and regulatory authorities. These records, including financial records, must properly, accurately, and completely reflect all components of transactions in accordance with the law and be promptly entered on our books. No person may interfere with or seek to improperly influence, directly or indirectly, the accuracy, completeness or auditing of such records. All reports made to regulatory authorities must be full, fair, accurate, timely and understandable. If an employee becomes aware of any improper transaction or accounting practice, he or she should report the matter immediately to his or her supervisor.

I. Document Retention

There are legal requirements that certain records be retained for specific periods of time. Whenever it becomes apparent that documents of any type will be required in connection with a lawsuit or government investigation, all possibly relevant documents should be preserved, and ordinary destruction of documents pertaining to the subjects of the litigation or investigation should be immediately suspended. If an employee is uncertain whether documents under his or her control should be preserved because they might relate to a lawsuit or investigation, he or she should contact the responsible records official or the Chief Financial Officer.

II. COMPLIANCE WITH THE CODE OF ETHICS

As a condition to employment, the Company reserves the right to require you to complete and submit a statement in a form designated by the Company pertaining to your compliance with the Code upon commencement of employment and as frequently thereafter as the Company may deem advisable. A violation of the Code may result in appropriate disciplinary action, including termination from employment. Violations of this Code are not the only basis for disciplinary action, as the Company has additional policies and procedures governing conduct and certain civil and criminal laws and regulations may result in external sanctions. The Company further reserves the right to take disciplinary action on any matters pertaining to employee conduct, whether or not they are expressly discussed in this document.

III. REPORTING SUSPECTED NON-COMPLIANCE

A. General Policy

As described in the Code, certain persons must review and approve in writing any circumstance requiring special permission. Copies of these approvals should be maintained by the Company in accordance with the Company's document retention policy. As part of the commitment to ethical and legal conduct, we expect employees to report to the Company information about suspected violations of the Code. Failure to report known wrongdoing may result in disciplinary action against those who fail to report.

B. Complaint Procedure

1. Notification of Complaint

Known or suspected violations of the Code should be reported promptly, in writing where practical.

2. Investigation

Employees are expected to cooperate in investigations of any suspected violation.

3. Confidentiality

Investigations will be conducted discreetly, as appropriate under the circumstances. Those investigating do not act as personal representatives or lawyers for employees. Parties to an investigation shall not discuss the matter with other employees.

4. Protection against Retaliation

Retaliation in any form against an individual who reports a violation, or assists in the investigation, of the Code or of law, even if the report is mistaken, is itself a serious violation of this Code and will not be tolerated. Acts of retaliation should be reported immediately and will be disciplined appropriately. Employees who submit a complaint in bad faith may face disciplinary action, including termination.

IV. ACKNOWLEDGEMENT

Each director, officer and employee shall annually acknowledge by signing, manually or electronically, the following form, that they have read, understood and have complied with the Code.

**SEABRIGHT INSURANCE HOLDINGS, INC.
CONFLICT OF INTEREST AND ETHICAL CONDUCT POLICY
ACKNOWLEDGEMENT**

I have read and understand the SeaBright Insurance Holdings, Inc. Conflict of Interest and Code of Conduct Policy.

I am not aware of any circumstance which constitutes or may ultimately result in a violation of its prohibitions with the exception of those explained below, if any.

Signature

Typed or Printed Name

Date

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