Corporate Governance Guidelines

The following incorporates our best current thinking on CNO Board governance - what we do and how we go about doing it. Our goal as a Board is to build a model of best corporate governance practices which allows us to:

- create real value for our shareholders,
- assure our policyholders receive the full value promised in their contracts, and
- make CNO a good place to work and do business for our associates and distributors.

Board members have a critical role in helping set the culture and values of the company by their actions or inactions as to matters of performance, ethics, integrity, legal compliance, transparency and responsiveness to shareholder and policyholder interests. A good corporate governance structure is a working system for principled goal setting, effective decision making, and appropriate monitoring of compliance and performance. These guidelines are to be updated periodically to maintain an exemplary model for Board governance.

Board Focus

First and foremost, the Board oversees management and operating performance on behalf of the shareholders. This includes selection, compensation, evaluation and retention of a well-qualified and ethical CEO and other members of senior management and monitoring management's performance and adherence to corporate standards. Corporate directors are to be diligent monitors, but NOT managers of day-to-day business operations. Directors are to assure that there are checks and balances against excessive power and compensation abuses within CNO.

Second, directors are to represent a range of experience, knowledge, and judgment but should NOT represent the interests of particular constituencies. Independent directors should at least annually examine their independence and any potential conflicts. Effective directors maintain an attitude of constructive skepticism; they ask incisive, probing questions and require accurate, honest answers. They act with integrity, and they exercise independent judgment on behalf of shareholders and policyholders. They are willing to disagree with management when necessary, as well as working jointly to build a successful company.

Third, while the Board is entitled to rely upon the advice, reports and opinions of management, counsel, auditors and expert advisors, directors are to assess the qualifications of those upon whom they rely and hold managers and advisors accountable. Directors are to ask questions about the processes used to reach decisions or recommendations and about the substance of advice and reports to the Board.

Fourth, the Board's oversight function includes a number of specific responsibilities:

1. Regularly and formally evaluating the performance and compensation of the CEO and other senior managers. Adopting performance goals that align the pay of managers with the long-term interests of the shareholders.
2. Understanding, reviewing, and monitoring implementation of the corporation's strategic plans, capital plans, operating plans, and budgets to assure effective:
   - Capital allocation
   - Debt levels and structure
   - Investment policies and practices
   - Risk and vulnerability assessment and management

- Growth opportunities
- Engagement on central issues facing company
- Grasp of tradeoffs at the heart of the company

3. Focusing on the integrity, quality and clarity of the corporation's financial reports and public disclosures and the processes that produce them. At least annually review the adequacy of the corporation's compliance and reporting systems. The Audit Committee should have a broad understanding of the corporation's financial statements including why accounting principles critical to the business were chosen, what key judgments and estimates were made by management, and how the choice of principles, judgments and estimates impacts the financial results. Ensuring management pays strict attention to ethical behavior and compliance with laws and regulations, approved auditing and accounting principles, and internal controls and governing documents. Internal controls include practices that promote operating effectiveness and efficiency, the safeguarding of assets, and the integrity of information and communication systems.
4. Engaging outside auditors and considering performance, qualification, independence and tenure issues. Evaluating the performance of the internal audit function.
5. Advising management on significant issues facing the corporation.
6. Reviewing and approving significant corporate actions such as election or termination of executive officers, declaration of dividends, and appropriate major transactions. The Board and senior management should have a clear understanding of what level or types of decisions require specific Board approval.
7. Setting Board performance goals. Regularly and formally evaluating the performance of the Board as a whole and the individual directors. Nominating directors and Committee members with the qualifications and time to meet the performance goals. Overseeing effective corporate governance. Providing objective independent judgment is at the core of the Board's oversight function.

Operational considerations

Serving on a Board requires significant time and attention on the part of directors. Directors are to actively participate in the Board meetings, review relevant materials, serve on Board Committees, and prepare for meetings and for discussions with management. They are to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors are to be incentivized to focus on long-term stockholder value.

1. The Board is to be comprised of a substantial majority of “independent directors.” Each member of the Governance and Nominating Committee, the Human Resources and Compensation Committee and the Audit and Enterprise Risk Committee shall be “independent” in accordance with any applicable rules and regulations of the Securities and Exchange Commission and the listing standards of the New York Stock Exchange and shall have no material connection with the Company other than the member’s seat on the Board of Directors. For the purposes of the preceding sentence, “material” shall mean a standard or relationship (personal, financial or otherwise) that a reasonable person might conclude could potentially influence a member’s objectivity in the boardroom in a manner that would have a meaningful impact on the member’s ability to satisfy his or her fiduciary duties. A member’s “independence” and “material connection with the Company” shall be determined by the full Board. Committees include: (1) Audit and Enterprise Risk, (2) Executive, (3) Governance and Nominating, (4) Human Resources and Compensation, and (5) Investment. Each Committee is to have a board-approved charter. There will be a management liaison for each Committee.
2. The Board will endeavor to operate on a planned agenda flexible enough with regard to time and topics to accommodate emergencies and unexpected developments. The agenda will include sessions of independent directors only to provide opportunity to raise issues or concerns or react to management proposals or actions in an environment free of constraints.
3. While certain responsibilities are to be delegated to the Committees, the full Board is to be kept informed of Committee activities by the Committee Chairs. Corporations generally benefit from the collective wisdom of the entire Board acting as a deliberative body.
4. Management presentations will be scheduled to allow for question and answer sessions with open discussion of key policies and practices. Board members are to have full access to senior management, but the CEO should be advised of significant contacts between Board members and senior management. On general Board matters, the Director of Board

Relations will be the primary liaison between CNO's Board and the senior management team. A sense of the driving force behind the corporation's strategy will provide critical, often unwritten information that is instrumental to fulfilling director oversight responsibilities. Directors are encouraged to actually participate in determining the drivers of CNO's businesses (for instance, customer satisfaction, profit, fulfilling its mission, etc.).

5. The Board is to have accurate, timely and complete information to do its job as the quality of information directly affects its ability to perform its oversight function. Directors are to review information from a variety of sources including management, Board Committees, outside experts, auditor presentations, as well as rating agency, insurance department, investment analyst and media reports. Directors are to have sufficient time to review information prior to Board and Committee meetings.
6. It may be appropriate from time-to-time for the Board and Board Committees to seek advice from outside experts, independent of management with respect to matters within their responsibility. Examples might include: risk assessment and risk management or compensation practices.
7. New directors are to be provided materials and briefings to permit them to become familiar with the corporation's business, industry, competitors, risks and corporate governance practices. The Board is to ensure that directors are also continually updated on these matters. Directors are to be encouraged to find out a great deal abut CNO's business and risks and how the corporation and its companies work beyond what can be gleaned in the boardroom. Directors should consider: meeting the employees, meeting the policyholders and distributors, visiting the company facilities, interacting with senior and mid-level staff, attending a training session for new associates or distributors, or also discussing issues with major shareholders periodically. In all such contacts, management should be informed.
8. In addition to meeting the current requirements for disclosure of management compensation, the Board will disclose the total value of each director's compensation including the total value of any stock options or grants awarded during the year. Directors and managers are to be encouraged to own stock.