

CUNA MUTUAL GROUP

GOVERNANCE PRINCIPLES

Last Amended: February 23, 2008

The following Governance Principles (“Principles”) have been adopted by the Boards of Directors (collectively, “Board”) of the major corporations comprising the CUNA Mutual Group (CUNA Mutual Insurance Society; CUNA Mutual Investment Corporation; CUMIS Insurance Society, Inc.; and MEMBERS Life Insurance Company) (collectively, “Company”) to assist the Board in the exercise of its duties and responsibilities and to help provide for effective and efficient corporate governance that will help promote the best interests of the Company’s policyholders. These Principles are in addition to, and are not intended to change or interpret, any applicable federal or state law, rule or regulation, the Company’s Articles of Incorporation or Bylaws or the separate charters of the Board’s standing committees. These Principles, including any failure to comply with any of these Principles, are not intended to, and do not, create any legal or fiduciary duties or responsibilities or form the basis for a breach of fiduciary duty or potential liability. The term “Company” as used herein may include, as appropriate, the Company’s subsidiaries and/or affiliates. These Principles are subject to discretionary modification and interpretation by the Board. These Principles will be posted on the Company’s website, and made available to all employees and any requesting policyholder.

A. Expectations of the Board

In addition to those duties and responsibilities otherwise required by applicable law, rule or regulation and the Company’s Articles of Incorporation and Bylaws, the Board is generally expected to:

1. Oversee the pursuit of the Company’s mission through providing guidance to, and oversight and support of, the Company’s management. The role of the Board is advisory in nature, with specific day-to-day management functions and decision-making delegated to the Company’s management under the leadership and direction of the Company’s President and Chief Executive Officer (“CEO”).
2. Evaluate and approve the Company’s strategic plan pursuant to which management will manage and operate the Company over both near-term and long-term horizons, including the pursuit of achievement of specific strategic, operational and financial goals and objectives. Management will have the responsibility for developing and implementing the Company’s strategic plan to achieve the strategic, operational and financial goals and objectives approved by the Board. The Board will monitor corporate performance against these goals and objectives.
3. Assess the major risks facing the Company and oversee management’s implementation of plans for their mitigation.
4. Review and approve the Company’s annual budget and monitor the Company’s budget and fiscal affairs.

5. Provide advice and counsel on all major policy decisions of or affecting the Company and review and approve all material transactions not in the ordinary course of business, except those transactions otherwise specifically delegated to, or within the vested authority of, management.

6. Select, evaluate, compensate, retain and motivate the Company's CEO in a manner that the Board believes will help promote the best interests of the Company.

7. Review the Company's leadership succession plans.

8. Review and assess whether the Company's overall compensation structure, policies and programs establish appropriate incentives for management and employees.

9. Select and recommend to policyholders for election (other than in connection with filling Board vacancies and new positions on an interim basis) appropriate director candidates for service on the Board, and evaluate the performance of the Board, its committees, the Chairman of the Board, the committee chairmen and/or individual directors, as appropriate.

B. Board Composition and Selection

1. Board Size and Composition

a. In accordance with the Company's Articles of Incorporation and Bylaws, the Board will consist of no less than nine members, and no more than the maximum number of members specified in the Bylaws (presently, fifteen members). The specific number of directors will be reviewed from time to time by the Governance Committee and established by the Board within the range specified above based on the recommendation of the Governance Committee as necessary and appropriate to promote the best overall interests of the Company and its policyholders and to permit diversity of experience and opinion, without hindering effective discussion or diminishing individual accountability. Most importantly, the Board believes that the quality of the directors serving on the Board at any given time is more important to good corporate governance than the precise number of directors.

b. The then current strategic direction of the Company will help identify the capabilities that need to be represented on the Board. The Board will attempt to enhance its effectiveness by ensuring an appropriate balance of individual directors who are affiliated directly with the credit union system and unaffiliated individuals who bring unique expertise that is deemed important to the Board's success.

c. Substantially all of the Board should be "independent" directors, as defined below. The Board currently believes that the CEO should be the only member of management to serve on the Board.

d. The director nomination process will be led by the Governance Committee in consultation with the CEO.

e. It is the Company's current practice to appoint the President of Credit Union National Association (CUNA) as an ex-officio (non-voting) member of the Board.

2. Independence of Directors

a. No director will be considered "independent" if the director is an employee, or is an immediate family member of an employee, of the Company. Further, for a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Company.

b. Specifically, the Board has established the following policy with regard to director independence:

(i) The following commercial relationships will not be considered to be material relationships that would impair a director's independence: (a) A director is a director, executive officer, or employee, or has an immediately family member who is an executive officer, employee or director of another company that does business with the Company, provided, the annual sales to, or purchases from, the Company are less than both three percent (3%) of that company's consolidated gross revenues and three percent (3%) of the Company's consolidated gross revenues, or (b) A director is an unpaid director, or has an immediate family member who is an unpaid director of an organization, that generates revenue from doing business with the Company, provided that director, that director's employer, or that director's immediate family member does not directly benefit from this revenue. In applying these independence criteria, the Board will use a three-year "cooling off" or "look-back" period in assessing relationships or circumstances that may impair independence when the above-stated criteria are applied.

(ii) In addition, to offer further assurance on the independence of directors, the Board has determined that the Company may not make any personal loans or extensions of credit to directors, other than consumer loans or other loan services on terms offered to the general public. Also, no director or family member of a director may provide personal services for compensation (excluding director compensation) to the Company.

3. Board Leadership

a. The Board believes that it is currently in the best interests of the Company and its policyholders to have an independent Chairman of the Board and Vice Chairman of the Board. The Board will elect a Chairman of the Board for an initial three-year term, with the potential for subsequent one-year renewal terms, and a Vice Chairman of the Board for a one-year term, in each case pursuant to the role description, criteria for service and nomination and election process

established from time to time by the Governance Committee and agreed to by the Board.

b. The Chairman will primarily be responsible for:

(i) In collaboration with the CEO and other directors, scheduling meetings of the Board and preparing Board meeting agendas.

(ii) Presiding at all meetings of policyholders and the Board, including executive sessions of the Board.

(iii) Presenting the Company's annual report to policyholders.

(iv) Coordinating the CEO evaluation process in association with the Compensation Committee.

(v) Acting as a liaison between the Board and the CEO.

(vi) Serving as a sounding board to the CEO.

(vii) Serving as chairman of the Governance Committee, and a member of the Compensation Committee.

c. The Vice Chairman will assume the duties of the Chairman in the Chairman's absence or inability to act. The Vice Chairman will not be automatically elected to the Chairman position.

4. Selection of Director Nominees

a. Subject to the recommendations of the Governance Committee, the Board will be responsible for nominating director candidates for election to the Board by the Company's policyholders and for filling vacancies or new positions on the Board that may occur or be created from time to time between meetings of policyholders.

b. The Governance Committee, in consultation with the CEO, is responsible for identifying, screening and recommending director candidates for consideration by the entire Board consistent with criteria recommended by the Governance Committee and approved by the Board and otherwise as required by the Company's Articles of Incorporation and Bylaws.

c. When formulating its director candidate recommendations, the Governance Committee will consider appropriate recommendations submitted by the policyholders of the Company in compliance with the procedures set forth in the Company's Articles of Incorporation and Bylaws.

d. The Board may also remove directors for cause in accordance with the Company's Articles of Incorporation and Bylaws.

5. Election of Directors

As provided in the Company's Articles of Incorporation and Bylaws, except as may be otherwise deemed necessary or appropriate to fill vacancies or new positions on the Board that may occur or be created from time to time, the Board currently believes that the election of staggered classes of directors for a multi-year term is in the best interests of the Company and its policyholders.

6. Directors' Terms and Years of Service

a. Each director will be subject to a 12 consecutive year limit on his or her tenure, measured from the date on which the director was first elected to the Board. Directors who reach their 12-year service limit during their term must retire effective as of the date of the annual policyholders' meeting and directors election immediately following attainment of 12 consecutive years of service. Accordingly, a person nominated to the Board by the Board, who attains 12 consecutive years of service during his or her term, will, as a condition of nomination, sign a letter of resignation from the Board which states that the individual will retire effective as of the date of the annual policyholders' meeting and directors' election immediately following attainment of 12 consecutive years of service. The letter of resignation will state that the nominee agrees that failure to abide by said resignation will constitute cause for removal from office pursuant to the Articles of Incorporation. The letter of resignation will be accepted by the Board prior to the nomination becoming effective. Any director who resigns or who is not re-nominated for any reason may be re-nominated after four years without Board service. Any former directors considered for re-election are required to go through the nomination process required for any director.

b. In accordance with historical governance principles prevailing at the time of the election (or re-election) of certain incumbent directors, and notwithstanding any provision set forth in the preceding sub-paragraph 6.a. above to the contrary, the following individuals will retire effective as of the date of the annual policyholders' meeting and directors' election in the year indicated below:

<u>Name of Incumbent Director</u>	<u>Retirement Effective Date</u>
Farouk D. G. Wang	2013
Loretta M. Burd	2014
C. Alan Peppers	2014
Larry T. Wilson	2014

c. Directors must leave the Board as a result of resignation, term expiration after 12 consecutive years, death, incapacity or removal for cause in accordance with the Company's Bylaws.

d. A director must submit his or her resignation for consideration by the Board in the event of a significant change in professional responsibilities (e.g., new position with existing or other employer; new director appointment; etc.), with the exception of retirement from active employment, which will not trigger the requirement for a director to submit his or her resignation. Further, in the case of a retired credit union industry director, the absence of active involvement in the credit union industry will not trigger the requirement for a director to submit his or her resignation. It is not necessary in every instance where a resignation is tendered for the Board to accept the resignation. Instead, submission of the letter of resignation will simply provide an opportunity for the Board to review the continued appropriateness of the director's membership on the Board taking into account such changed circumstances and any other factors it feels are relevant.

e. The CEO must submit his or her resignation as a director for consideration by the Board upon his or her termination of employment with the Company.

f. The CEO may not serve on the Board of any for-profit entity without the consent of the Board.

C. Committees of the Board

The Board currently has four standing committees, the Audit Committee, the Compensation Committee, the Governance Committee and the Investment and Capital Committee. With the exception of meetings of the Board's independent directors in executive session, without the CEO present, all committee meetings will be open for attendance and active participation (without a formal vote) by any director. Each standing committee's activities and responsibilities are detailed in a committee charter that has been approved by the Board. Major responsibilities of the Board's standing committees are summarized as follows:

1. Audit Committee

a. Oversee the Company's accounting and financial reporting policies and practices and internal controls over financial reporting.

b. Oversee the quality and objectivity of the Company's financial statements and the external audit process thereof.

c. Review the Company's processes for monitoring compliance with material laws and regulations and with the Company's code of conduct.

d. Select, evaluate, compensate and oversee the qualifications, independence and performance of the Company's independent auditor.

e. Approve all non-audit engagements of the Company's independent auditor.

f. Oversee the performance of the Company's internal audit function.

2. Compensation Committee

- a. Oversee management leadership effectiveness, development, succession and compensation.
- b. Develop recommendations for director compensation.
- c. Oversee labor relations matters.

3. Governance Committee

- a. Promote the quality and effectiveness of Board governance, including annually reviewing these Principles.
- b. Coordinate the self evaluation process of the Board, standing committees, Chairman of the Board, chairmen of the standing committees and/or individual directors, as appropriate.
- c. Lead and coordinate the director, Chairman of the Board, Vice Chairman, standing committee membership and standing committee chairmanship nomination and selection process.
- d. Promote the ongoing education of all directors and orientation for new directors.

4. Investment and Capital Committee

Assist the Board in carrying out its oversight responsibilities with respect to the Company's investment and capital management policies, strategies and guidelines and its oversight responsibilities with respect to the Company's employee benefit plan administration.

5. Ad Hoc Committees

In accordance with the Company's Bylaws, ad hoc committees may be created by the Board or Chairman of the Board at any time to study and make recommendations on specific issues to the Board. In the event that a CEO search is required, an ad hoc search committee will be created to define and recommend to the Board for approval CEO selection criteria (e.g., attributes, competencies and values identified as necessary to successfully lead the Company), and oversee the search for qualified CEO candidates. Unless otherwise determined by the Board of Directors, the ad hoc search committee will be comprised of the Chairmen of the standing committees of the Board.

D. Committee Membership and Chairmen

- 1. The standing committees of the Board (Compensation, Audit, Governance, and Investment and Capital) will each consist of only independent directors. The Chairman of the

Board will serve as the Chairman of the Governance Committee and as a member of the Compensation Committee. Subject to the recommendations of the Governance Committee, the Chairmen of the Compensation, Audit and Investment and Capital Committee will be appointed by the Board as described below.

2. The Governance Committee will be responsible, in consultation with the CEO, and subject to approval by the Board, for making recommendations with respect to the assignment of Board members to the Board's standing committees and to serve as the chairman of the Compensation, Audit, and Investment and Capital Committees. The Board will nominate and elect standing committee members and committee chairmen (other than the chairman of the Governance Committee) each June for one-year terms that begin at the annual meeting in the same year. The Governance Committee and the Board will take into consideration various factors, including: (a) balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors which may result from the rotation of committee members and/or chairmen; (b) subject matter expertise; (c) tenure; and (d) the desires of individual Board members. The Board does not believe that mandatory rotation of committee chairmanships or memberships necessarily enhances corporate governance.

3. Directors may serve on more than one standing committee.

E. Board and Committee Meetings

1. Absent unusual circumstances, the Board will generally meet on a regular basis at least once each calendar quarter, and such other times as the Chairman of the Board, Vice Chairman or majority of the Board may determine in accordance with the Company's Bylaws. In addition, special meetings of the Board may be called as circumstances require as determined by the Chairman of the Board, Vice Chairman, CEO or Secretary or any three directors in accordance with the Company's Bylaws.

2. A combined Board and management strategic planning retreat will be planned when and as needed. When held, the retreat will generally be scheduled at the beginning or end of one of the four regular meetings, before the budget cycle begins.

3. To the extent possible, standing committee meetings will be scheduled around regular Board sessions, subject to the determination of the chairman of each such committee in consultation with the Chairman of the Board.

4. Board and committee meetings will be conducted in accordance with the Company's Bylaws and otherwise in a manner which facilitates open communication, thorough consideration, meaningful participation and timely resolution of all presented matters and issues. Sufficient time to fully consider the scheduled agenda items, as well as all other matters and issues appropriately raised, is to be provided at all Board and committee meetings.

5. The Chairman of the Board, in consultation with the CEO and other directors, prior to the beginning of each calendar year will prepare in advance the forthcoming year's schedule of regular Board meetings and distribute it to the Board. Sufficiently in advance of each meeting, the Chairman of the Board, in consultation with the CEO and the other directors,

will provide the Board with a proposed meeting agenda setting forth the general agenda of items scheduled to be considered by the Board at such meeting. Thereafter, the Chairman of the Board, in consultation with the CEO and the other directors, may modify the agenda for each meeting to include other items not contemplated during the initial preparation of the agenda. Each director will be free to suggest the inclusion of additional items on any meeting agenda and will otherwise be free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting. A similar process will be undertaken for each of the Board's standing committees by the chairman of each such committee.

6. As a general rule, background information and explanatory materials and reports related to the agenda items and other matters scheduled for discussion at each Board and committee meeting should be provided or otherwise made available to Board and committee members sufficiently in advance of Board and committee meetings to allow the directors to adequately prepare for a full and frank discussion of the scheduled agenda items and other matters. Additionally, financial reports, peer group information, rating agency reports, press releases, Board and committee minutes, and other relevant and appropriate background and informational materials and reports relating to the Company and its businesses and industries should also be circulated or otherwise made available to all directors in advance of and in between each meeting, as determined necessary or appropriate by the Chairman of the Board, the CEO or applicable committee chairmen, or as otherwise requested by any director. Sensitive subject matters, or unforeseen matters added to the agenda just prior to or at the meeting or otherwise raised at the meeting, may be discussed at any Board or committee meeting without background information or explanatory materials being distributed in advance of the meeting.

7. Attendance (in person or by telephone) is expected at all Board and committee meetings for the full length of such meetings. Any extraordinary circumstance that would cause a member to attend fewer than seventy-five percent (75%) of all meetings of the Board and committees on which the director serves should be discussed with the Chairman of the Board as far in advance as possible.

8. Absent unusual circumstances, the Board's independent directors will generally meet in executive session, without management present, at each Board meeting, and at such other times as any of them otherwise determine necessary or appropriate. The Chairman of the Board will coordinate and develop the agendas for, and will chair, these executive sessions.

9. The Board's independent directors serving on a standing committee of the Board may meet in an executive session of the committee, without management present, at such times as any of them determine necessary or appropriate. The chairman of each respective committee will coordinate and develop the agendas for, and will chair, these executive sessions.

F. Board/Director Development and Performance Evaluation

1. The Board will engage in a self-evaluation and development process coordinated by the Governance Committee, working with outside professional resources (if necessary) to help ensure objectivity, confidentiality and sensitivity to the personal concerns of individual directors. Such evaluations may relate to the Board, the Chairman of the Board, the standing

committees, committee members, committee chairmen and/or individual directors, as determined appropriate.

2. The goal of the evaluation process will be identification of developmental opportunities and goals for individual and group behavior changes that will help improve Board, committee and individual director effectiveness and leadership.

G. CEO Performance Management and Review Process

The Chairman of the Board and the Compensation Committee will lead the CEO performance management review and compensation process based on advance criteria recommended by the Compensation Committee and discussed with and concurred in by the CEO.

H. Management and CEO Succession

1. Based on the recommendations of the Compensation Committee, the Board will develop and maintain an appropriate succession plan with respect to the position of CEO and such other officers as the Compensation Committee determines to be necessary or appropriate.

2. The Compensation Committee also will recommend to the Board emergency CEO succession plans.

I. Unrestricted Board Access

1. Board members will have complete and unrestricted access to the Company's senior management. However, Board members should use sound business judgment in contacting members of the Company's senior management to help ensure that such contacts do not interfere with or distract from the Company's business. Board members, if appropriate, will inform the CEO and the Chairman of the Board of such contacts.

2. Furthermore, the Board encourages the CEO, the Chairman of the Board and standing committee chairmen, from time to time, to extend an invitation to attend Board and committee meetings to the following individuals: (a) senior managers and advisors who can provide additional insight concerning the items being discussed because of personal involvement or expertise in these areas; and/or (b) those managers with future potential that the Company's senior management believes should be given exposure to the Board.

3. The Board and each of its standing committees will have the power to select and retain independent advisors and experts to provide it with independent advice to assist the Board or any such standing committee in carrying out its duties and responsibilities, with the cost of such advisors and experts to be paid for by the Company.

J. Approval of Related Party Transactions and Conflicts of Interest

1. The Board expects the Company's directors, as well as its officers and employees, to act ethically at all times. If an actual or potential conflict of interest arises for a director, the director should promptly inform the Chairman of the Audit Committee. If a conflict of interest exists and cannot be resolved or managed, the director should resign.

2. All directors should recuse themselves from any Board or committee discussion or decision affecting their personal, business or professional interests.

3. The Audit Committee will consider and approve or disapprove of all related party transactions and other questions of actual or potential conflicts of interests or appearances of impropriety involving the Company and any director or senior management officer.

K. Code of Conduct

The Board believes that the consistent conduct of the Company's business in an honest and ethical manner is vitally important to maintaining the trust and confidence in the Company and its employees of the public, customers, employees and policyholders. As a result, the Audit Committee will recommend for full Board approval, and thereafter annually review, a corporate Code of Conduct designed to ensure that the Company and its employees comply with the highest business standards of integrity and ethical and moral business conduct. The Audit Committee will be responsible for overseeing the interpretation and enforcement of this Code of Conduct. The Code of Conduct will be posted on the Company's website, and made available to all employees and any requesting policyholder.

L. Board Interaction with Company Constituencies and the Public

1. Management, and in particular the CEO, speaks for the Company. The Chairman of the Board speaks for the Board. Individual directors may, from time to time at the request of the CEO, meet or otherwise communicate with various constituencies. If comments from the Board are appropriate, however, they should, in most circumstances, come from the Chairman of the Board.

2. Any interested parties desiring to communicate with the Board may send a letter by regular or express mail addressed to the Corporate Secretary, CUNA Mutual Group, 5910 Mineral Point Road, Madison, WI 53701-0391.

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