

Senior Financial Officers' Code of Ethical Conduct

Preface

The National Security Group, Inc. (the “Company”) desires to promote honest and ethical conduct and deter wrongdoing at all levels of the organization. The honesty, integrity, and sound judgment of senior financial officers are fundamental to the reputation and the success of the Company. The Company believes that senior financial officers must follow the highest standards of professional and ethical conduct because the professional and ethical conduct of senior financial officers is essential to the proper function and success of the Company.

Senior financial officers hold an important and elevated role in corporate governance. These individuals are key members of the management team who are uniquely capable and empowered to ensure that the interests of stakeholders (including shareholders, clients, employees, suppliers and citizens of the communities in which the Company operates) are appropriately balanced, protected and preserved. Senior financial officers fulfill this responsibility by prescribing and enforcing the policies and procedures employed in the Company’s financial operations.

Senior Financial Officers' Code of Ethical Conduct

Senior financial officers (Chief Executive Officer, Chief Financial Officer, principal accounting officer or persons performing similar functions) of the Company performing accounting, audit, financial management or similar functions must:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest between personal and professional relationships;
- Provide and promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company.
- Comply with applicable laws, rules, and regulations of federal, state and local governments and other appropriate private and public regulatory agencies.
- Act in good faith, with due care, competence and diligence.
- Respect the confidentiality of information acquired in the course of employment
- Share knowledge and maintain skills necessary and relevant to the Company’s needs.
- Promptly report any violations of this Code to the Chairperson of the Audit Committee of the Board of Directors.
- Assure responsible use of and control of all assets, resources and information in possession of the Company.

All senior financial officers are expected to adhere to this Code of Ethical Conduct. The Board of Directors shall have the sole and absolute discretionary authority to approve any deviation or waiver from this Code of Ethical Conduct. Any waiver and the grounds of such waiver for a senior financial officer shall be promptly disclosed through a filing with the SEC condition on Form 8-K. Additionally, any change of this Code of Ethical Conduct shall be promptly disclosed to stockholders.

Anti-hedging Policy

No employee of National Security Group, Inc. or any of its subsidiary companies, nor any member of the National Security Group, Inc. Board of Directors may purchase financial instruments (including, but not limited to: prepaid variable forward contracts, equity swaps, collars, and exchange funds) that are designed to hedge or offset any decrease in the market value of the common stock of National Security Group, Inc. This policy is designed to further align the financial interests of employees and directors with the financial interests of National Security Group, Inc. shareholders.