



**CITIZENS, INC.
AND ITS SUBSIDIARIES
CODE OF BUSINESS CONDUCT AND ETHICS**

1. Purpose

This Code of Business Conduct and Ethics ("Code") for Citizens Inc., and its subsidiaries (hereinafter collectively referred to as the "Company") provides a general statement of the Company's expectations regarding the ethical standards that each director, officer and employee should adhere to while acting on behalf of the Company. Each director, officer and employee is expected to read and become familiar with the ethical standards described in this Code and may be required, from time to time, to affirm his or her agreement to adhere to such standards by signing the Compliance Certificate that appears at the end of this Code.

2. Administration

The Company's Board of Directors is responsible for setting the standards of business conduct contained in this Code and updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to the Company, the business practices within the Company's industry, the Company's own business practices, and the prevailing ethical standards of the communities in which the Company operates. While the Company's Chairman of the Board will oversee the procedures designed to implement this Code to ensure that they are operating effectively, it is the individual responsibility of each director, officer and employee of the Company to comply with this Code.

3. Compliance with Laws, Rules and Regulations

The Company will comply with all laws and governmental regulations that are applicable to the Company's activities, and expects that all directors, officers and employees acting on behalf of the Company will obey the law. Specifically, the Company is committed to:

- maintaining a safe and healthy work environment;
- promoting a workplace that is free from discrimination or harassment based on race, color, religion, sex or other factors that are unrelated to the Company's business interests;
- supporting fair competition and laws prohibiting restraints of trade and other unfair trade practices;
- conducting its activities in full compliance with all applicable environmental laws;

- keeping the political activities of the Company's directors, officers and employees separate from the Company's business;
- prohibiting any illegal payments to any government officials or political party representatives of any country; and
- complying with all applicable state and federal securities laws.

Directors, officers and employees are prohibited from illegally trading the Company's securities while in possession of material, nonpublic ("inside") information about the Company. The Company's Insider Trading Policy, which describes the nature of inside information and the related restrictions on trading, is attached to and shall be deemed a part of this Code.

4. Conflicts of Interest

A "conflict of interest" occurs when an individual's private interest interferes in any way – or even appears to interfere – with the interests of the Company as a whole. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company. Directors, officers and employees should not be involved in any activity which creates or gives the appearance of a conflict of interest between their personal interests and the Company's interests. Unless properly disclosed to and approved by the Board of Directors, no director, officer or employee shall:

- be a consultant to, or a director, officer or employee of, or otherwise operate an outside business:
 - that markets products or services in competition with the Company's current or potential products and services;
 - that supplies products or services to the Company; or
 - that purchases products or services from the Company;
- have any financial interest, including stock ownership, in any such outside business that might create or give the appearance of a conflict of interest;
- seek or accept any personal loan or services from any such outside business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses;

- be a consultant to, or a director, officer or employee of, or otherwise operate an outside business if the demands of the outside business would interfere with the director's, officer's or employee's responsibilities with the Company;
- accept any personal loan or guarantee of obligations from the Company, except to the extent such arrangements are legally permissible;
- conduct business on behalf of the Company with immediate family members, which include spouses, children, parents, siblings and persons sharing the same home whether or not legal relatives, who are not directors, officers or employees of the Company; or
- use the Company's property, information or position for personal gain.

The appearance of a conflict of interest may exist if an immediate family member of a director, officer or employee of the Company is a consultant to, or a director, officer or employee of, or has a significant financial interest in, a competitor, supplier or customer of the Company, or otherwise does business with the Company.

Directors, officers and employees shall notify the Company's General Counsel of the existence of any actual or potential conflict of interest.

5. Corporate Opportunities

Employees, officers and directors should be prohibited from,

- taking for themselves personally opportunities that are discovered through the use of corporate property, information or positions;
- using corporate property, information, or position for personal gain; and
- competing with the Company.

Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

6. Confidentiality; Protection and Proper Use of the Company's Assets

Directors, officers and employees shall maintain the confidentiality of all information entrusted to them by the Company or its suppliers, customers or other business partners, except when disclosure is authorized by the Company or legally required.

Confidential information includes, (1) information marked "Confidential", "Private", "For Internal Use Only" or similar legends, (2) technical information relating to current and future products, services or research; (3) business or marketing plans or projections; (4) earnings and other internal financial data; (5) personnel information; (6) supply and

customer lists; (7) sales agent lists; and (8) other non-public information that, if disclosed, might be of use to the Company's competitors, or harmful to the Company or its suppliers, customers or other business partners.

To avoid inadvertent disclosure of confidential information, directors, officers and employees shall not discuss confidential information with or in the presence of any unauthorized persons, including family members and friends.

Directors, officers and employees are personally responsible for protecting those Company assets that are entrusted to them and for helping to protect the Company's assets in general.

Directors, officers and employees shall use the Company's assets for the Company's legitimate business purposes only.

7. Fair Dealing

The Company is committed to promoting the values of honesty, integrity and fairness in the conduct of its business and sustaining a work environment that fosters mutual respect, openness and individual integrity. Directors, officers and employees are expected to deal honestly and fairly with the Company's customers, suppliers, competitors and other third parties. To this end, directors, officers and employees shall not:

- make false or misleading statements to customers, suppliers or other third parties;
- make false or misleading statements about competitors;
- solicit or accept from any person that does business with the Company, or offer or extend to any such person,
 - cash of any amount; or
 - gifts, gratuities, meals or entertainment that could influence or reasonably give the appearance of influencing the Company's business relationship with that person or go beyond common courtesies usually associated with accepted business practice;
- solicit or accept any fee, commission or other compensation for referring customers to third-party vendors; or
- otherwise take unfair advantage of the Company's customers or suppliers, or other third parties, through manipulation, concealment, abuse of privileged information or any other unfair-dealing practice.

8. Accurate and Timely Periodic Reports

The Company is committed to providing investors with full, fair, accurate, timely and understandable disclosure in the periodic reports that it is required to file with the

Securities and Exchange Commission or other government agency, or that it disseminates to investors or potential investors. To this end, the Company and its officers, directors and employees shall:

- comply with generally accepted accounting principles at all times;
- maintain a system of internal accounting controls that will provide reasonable assurances to management that all transactions are properly recorded;
- maintain books and records that accurately and fairly reflect the Company's transactions;
- prohibit the establishment of any undisclosed or unrecorded funds or assets;
- maintain a system of internal controls that will provide reasonable assurances to management that material information about the Company is made known to management, particularly during the periods in which the Company's periodic reports are being prepared; and
- present information in a clear and understandable manner.

9. Reporting and Compliance Procedures

Every employee, officer and director has the responsibility to ask questions, seek guidance, report suspected violations and express concerns regarding compliance with this Code. Any employee, officer or director who knows or believes that any other employee or representative of the Company has engaged or is engaging in Company-related conduct that violates applicable law or this Code should report such information to his or her supervisor or to the Company's General Counsel. You may report such conduct openly or anonymously without fear of retaliation. The Company will not discipline, discriminate against or retaliate against any employee who reports such conduct, unless it is determined that the report was made with knowledge that it was false. Any supervisor who receives a report of a violation of this Code must immediately inform the General Counsel.

You may report violations of this Code, on a confidential or anonymous basis, by contacting the Company's General Counsel by fax, mail or e-mail based on the Company's contact information. While it may be preferable for you to identify yourself when reporting violations so that we may follow up with you, as necessary, for additional information, you may leave messages anonymously if you wish. You may also report anonymously to the Chairman of the Audit Committee via sealed envelope addressed to the Chairman of the Audit Committee, and sent to the General Counsel's office via interoffice mail.

Except in the case of an alleged violation by the Chief Executive Officer, if the General Counsel receives information regarding an alleged violation of this Code, he or she shall,

as appropriate, (a) evaluate such information; (b) if the alleged violation involves an executive officer or a director, inform the Chief Executive Officer and Board of Directors of the alleged violation; (c) determine whether it is necessary to conduct an informal inquiry or a formal investigation and, if so, initiate such inquiry or investigation; and (d) report the results of any such inquiry or investigation, together with a recommendation as to disposition of the matter, to the Chief Executive Officer for action, or if the alleged violation involves an executive officer or a director, report the results of any such inquiry or investigation to the Board of Directors or appropriate committee thereof.

In the case of an alleged violation by the Chief Executive Officer of this Code, the General Counsel shall, (a) inform the Chief Executive Officer and Board of Directors of the alleged violation; (b) under the direction of the Audit Committee, determine whether it is necessary to conduct an informal inquiry or a formal investigation and, if so, initiate such inquiry or investigation; and (c) report the results of any such inquiry or investigation to the Audit Committee.

Employees, officers and directors are expected to cooperate fully with any inquiry or investigation by the Company regarding an alleged violation of this Code. Failure to cooperate with any such inquiry or investigation may result in disciplinary action, up to and including discharge.

The Company shall determine whether violations of this Code have occurred and, if so, shall determine the disciplinary measures to be taken against any employee who has violated this Code. In the event that the alleged violation involves an executive officer or a director (other than the Chief Executive Officer,) the Chief Executive Officer and the Board of Directors, respectively, shall determine whether a violation of this Code has occurred and, if so, shall determine the disciplinary measures to be taken against such executive officer or director.

If the alleged violation involves the Chief Executive Officer, the Audit Committee shall review the report and results of any investigation performed by the General Counsel, along with any responses submitted by the Chief Executive Officer, and announce its findings and recommendations to the Board of Directors. The Board of Directors shall determine whether a violation of this Code has occurred and, if so, shall determine the disciplinary measures to be taken against the Chief Executive Officer. If the Chief Executive Officer is also a Director, then he or she shall not participate or be present in any meeting of the Board of Directors concerning a violation of this Code by such person.

Failure to comply with the standards outlined in this Code will result in disciplinary action including, but not limited to, reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, discharge and restitution. Certain violations of this Code may require the Company to refer the matter to the appropriate governmental or regulatory authorities for investigation or prosecution. Moreover, any supervisor who directs or approves of any conduct in violation of this Code, or who has

knowledge of such conduct and does not promptly report it, also will be subject to disciplinary action, up to and including discharge.

10. Dissemination and Amendment

This Code shall be distributed to each new employee, officer and director of the Company upon commencement of his or her employment or other relationship with the Company and shall also be distributed annually to each employee, officer and director of the Company, and each officer and director shall certify that he or she has received, read and understood the Code and has complied with its terms.

The Company reserves the right to amend, alter or terminate this Code at any time for any reason.

11. Waivers

The provisions of this Code may be waived for directors or executive officers only by a resolution of the Company's Board of Directors. The provisions of this Code may be waived for employees who are not directors or executive officers by the Company's General Counsel. Any waiver of this Code granted to a director or executive officer must be promptly disclosed to shareholders.

INSIDER TRADING

BACKGROUND AND PURPOSE

The federal securities laws prohibit any member of the Company's Board of Directors (a "Director") or employee of the Company from purchasing or selling Company securities on the basis of material nonpublic information concerning the Company, or from disclosing material nonpublic information to others who might trade on the basis of that information. These laws impose severe sanctions on individuals who violate them, and may impose large fines on the Company if the Company has failed to take appropriate steps to prevent it (so-called "controlling person" liability).

This insider trading policy is being adopted in light of these legal requirements, and with the goal of helping:

- prevent inadvertent violations of the insider trading laws;
- avoid embarrassing proxy disclosure of reporting violations by persons subject to Section 16 of the Securities Exchange Act of 1934;
- avoid even the appearance of impropriety on the part of those employed by, or associated with, the Company;
- protect the Company from controlling person liability; and
- protect the reputation of the Company, its Directors and its employees.

PROHIBITION ON TRADING WHILE AWARE OF MATERIAL NONPUBLIC INFORMATION; PROHIBITION ON TIPPING OTHERS

This Section 2 applies to:

- all Directors;
- all employees;
- all family members of Directors and employees who share the same address as, or are financially dependent on, the Director or employee; and
- all corporations, partnerships, trusts or other entities owned or controlled by any of the above persons.

No person covered by this Section 2 may:

- purchase, sell, pledge or donate any securities of the Company while he or she is aware of any material nonpublic information concerning the Company;
- disclose to any other person any material nonpublic information concerning the Company if it is reasonably foreseeable that such person may use that information in purchasing or selling Company securities;
- purchase, sell, pledge or donate any securities of another company while he or she is aware of any material nonpublic information concerning such other company which he or she learned in the course of his or her service as a Director or employee of the Company; or
- disclose to any other person any material nonpublic information concerning another company which he or she learned in the course of his or her service as a Director or employee of the Company if it is reasonably foreseeable that such person may use that information in purchasing or selling securities of such other company.

The prohibition on purchases, sales, pledges and gifts of Company securities while aware of material nonpublic information concerning the Company does not apply to a transaction pursuant to a Rule 10b5-1 trading plan which complies with Section 3.3 of this insider trading policy.

BLACKOUT PERIODS

The prohibitions in Section 3.2 below apply to:

- all Directors;
- all executive officers;

- such other employees as are designated from time to time by the Board, the Chairman of the Board, the Chief Executive Officer or the Chief Financial Officer as being subject to Section 3.2;
- all family members of Directors, executive officers and designated employees who share the same address as, or are financially dependent on, the Director, executive officer or designated employee; and
- all corporations, partnerships, trusts or other entities owned or controlled by any of the above persons.

No person described in Section 3.1 may purchase, sell or pledge any securities of the Company during the following time periods (each, a “corporate blackout period”):

- beginning with the date preliminary financial statements are distributed internally and ending upon the completion of the second full trading day after the public announcement of earnings for such quarter or year-end;
- beginning at the time of any public earnings-related announcement or public announcement of a significant corporate transaction or event and ending upon the completion of the second full trading day after such announcement; or
- during such other periods as may be established from time to time by the Board, the Chairman of the Board, the Chief Executive Officer or the Chief Financial Officer in light of particular events or developments affecting the Company.

In addition, no person covered by this Section 3 shall inform a person not covered by this Section 3 that a corporate blackout period imposed as a result of particular events or developments is in effect.

The prohibitions on purchases, sales, pledges and gifts of Company securities during corporate blackout periods do not apply to:

- purchases made under an employee stock purchase plan operated by the Company; provided, however, that the securities so acquired may not be sold during a corporate blackout period;
- exercises of stock options or the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations, in each case in a manner permitted by the applicable stock option; provided, however, that the securities so acquired may not be sold (either outright or in connection with a “cashless” exercise transaction through a broker) during a corporate blackout period;
- purchases of securities from the Company or sales, pledges or gifts of securities to the Company; and

- purchases or sales made pursuant to a binding contract, written plan or specific instruction (a “trading plan”) which is adopted and operated in compliance with Rule 10b5-1; provided such trading plan: (1) is in writing; (2) was submitted to the Company for review by the Company prior to its adoption; and (3) was not adopted during a corporate blackout period; and provided further that if such trading plan provides for trades to occur only once per quarter or less frequently (other than a plan that relates solely to the immediate sale of shares acquired under an employee stock purchase plan) such trading plan may not provide for trades to occur during a regularly scheduled quarter-end corporate blackout period.

NOTICE OF SECURITIES TRANSACTIONS

This Section 4 applies to:

- all Directors;
- all executive officers;
- all family members of Directors and executive officers who share the same address as, or are financially dependent on, the Director and executive officers; and
- all corporations, partnerships, trusts or other entities owned or controlled by any of the above persons.

No person covered by this Section 4 may purchase, sell or otherwise acquire or dispose of securities of the Company, other than in an exempt transaction (as defined below), unless he or she notifies the General Counsel prior to such transaction. For purposes of this Section 4, an “exempt transaction” shall mean:

- an acquisition of shares of Company common stock pursuant to an employee stock purchase plan under Section 423 of the Internal Revenue Code;
- a transaction under a Qualified Plan or Excess Benefit Plan (as defined in Rule 16b-3 under the Securities Exchange Act of 1934) that is exempt under paragraph (c) of such Rule;
- an acquisition of Company securities pursuant to a stock split, stock dividend or pro rata distribution to Company stockholders; and
- an acquisition or disposition of Company securities pursuant to a domestic relations order, as defined in the Internal Revenue Code.

Each person covered by this Section 4 shall also notify the General Counsel of the occurrence of any purchase, sale or other acquisition or disposition of securities of the Company, other than an exempt transaction, as soon as possible following the transaction, but in any event within one business day after the transaction. This notification, which may be oral, in writing or via e-mail, should describe the type of transaction that occurred (an open market purchase, a privately

negotiated sale, an option exercise, etc.), the date of the transaction, the number of shares covered by the transaction, the purchase or sale price (if applicable), and whether the transaction was effected by the Director or executive officer or by a relative or affiliated entity. For purposes of this Section 4.3, a purchase, sale or other acquisition or disposition shall be deemed to occur at the time the person becomes irrevocably committed to it; in the case of an open market purchase or sale, this occurs when the trade is executed (not when it settles).

OTHER PROHIBITIONS ON TRADING ACTIVITIES

This Section 5 applies to:

- all Directors;
- all executive officers;
- all family members of Directors and executive officers who share the same address as, or are financially dependent on, the Director and executive officers; and
- all corporations, partnerships, trusts or other entities owned or controlled by any of the above persons.

No person covered by this Section 5 may engage in any of the following types of transactions:

- short sales of Company securities; or
- purchases or sales of puts or calls for speculative or other purposes.

PENALTIES FOR VIOLATION

Violation of any of the foregoing rules is grounds for disciplinary action by the Company, including employment termination.

COMPANY ASSISTANCE AND EDUCATION

The Company shall take reasonable steps designed to ensure that all Directors and employees of the Company are educated about, and periodically reminded of, the federal securities law restrictions and Company policies regarding insider trading. Directors and employees shall be required to certify their understanding of, and intent to comply with, the Company's insider trading policy.

The Company shall provide reasonable assistance to all Directors and executive officers, as requested by such Directors and executive officers, in connection with the filing of Forms 3, 4 and 5 under Section 16 of the Securities Exchange Act of 1934. However, the ultimate responsibility, and liability, for timely filing remains with the Directors and executive officers.

COMPLIANCE CERTIFICATE

I have read and understand the Company's Code of Business Conduct and Ethics and attached Insider Trading Policy (the "Code"). I will adhere in all respects to the ethical standards described in the Code.

I certify to the Company that I am not in violation of the Code, unless I have noted such violation in a signed Statement of Exceptions attached to this Compliance Certificate.

Signature

Date: _____

Printed Name: _____

Position: _____

Check one of the following:

A Statement of Exceptions is attached.

No Statement of Exceptions is attached.