

WHISTLEBLOWER POLICY

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Callicoon Co-operative Insurance Company

ORGANIZED 1878

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Applicability:

On January 7, 2019, the New York State Department of Financial Services (DFS) issued a guidance on Whistleblowing Programs to all institutions regulated by it. The guidance suggests that those entities subject to Whistleblowing rules and regulations should have an effective Whistleblowing Program in place.

New York Labor Law §740 prohibits any company with one or more employees from taking retaliatory measures against an employee for “whistleblowing”. Callicoon Co-operative Insurance Co., Inc., being a corporation with one or more employees, is subject to New York Labor Law §740. Accordingly, Callicoon has established this policy to address DFS’s guidance and to implement an effective whistleblowing program.

What is “Whistleblowing?”:

DFS defined “Whistleblowing” as:

“the reporting of information or concerns, by one or more individuals or entities, that reasonably believed by such individual(s) or entity(s) to constitute illegality, fraud, unfair or unethical conduct, mismanagement, abuse of power, unsafe or dangerous activity, or other wrongful conduct, including, but not limited to, any conduct that may affect the safety, soundness, or reputation of the institution. A whistleblower may be any person who has an opportunity to observe improper conduct at a company, including current or former employees, agents, consultants, vendors or service providers, outside counsel, customers or shareholders.”

Purpose:

The Whistleblower policy seeks to provide an avenue for Directors, Officers, Employees, Customers and other stakeholders of the Company to report, without fear of retaliation, any instance of actual or suspected wrongdoing at the Company and bring it to the attention of management.

Effective Date:

This policy shall become effective on March 1, 2019.

Examples of Possible Wrongdoing:

It is not possible to give an exhaustive list of all activities that may be appropriate for coverage by this Whistleblower Policy. Though not exhaustive, activities covered may include, but not be limited to, the following:

- **Forgery or improper alteration of documents**
- **Unauthorized alteration or manipulation of computer files**
- **Financial and accounting irregularities including mismanagement and misreporting**
- **Criminal Offenses that have been committed or are likely to be committed related to activities within the company**
- **Failure to comply with legal/regulatory obligations**
- **Misappropriation/ misuse of the Company's resources**
- **Improper use of authority**
- **Unauthorized release of proprietary information**
- **Accepting of kickbacks**
- **Theft of cash, goods or services**

Freedom to Report:

Directors, Officers, Employees, Customers and other stakeholders of the Company should feel free to report perceived wrongdoing in accordance with this policy without fear of repercussion against themselves. The Company shall strive for anonymity of the Whistleblower at all times and, if the Whistleblower be an employee, he/she shall be protected from unfair termination and any other unfair employment practices on account of Whistleblowing provided same was made in good faith.

Whistleblower Investigation Committee:

The Whistleblower Investigation Committee (hereinafter "Committee") is charged with the responsibility of receiving Whistleblower complaints, investigating them and making a determination as to the merits of the complaints.

The members of the Committee are as follows:

1. The President of the Company
2. The Secretary/Treasurer of the Company

3. An Independent Director to be named annually.

In the event the alleged wrongdoing involves a member of the committee, that member is prohibited from participating in the ensuing investigation of the allegation. All efforts should be made by the remaining members of the committee to protect the identity of the person initiating the complaint.

Procedure:

1. An observer of a perceived wrongdoing is encouraged to report their observation(s), preferably in writing, to the Company's President, which as of April, 2019 is:

Edward T. Sykes, President
Callicoon Co-Operative Insurance Company
15 Chapel Street
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(845) 482-5522
edtsykes@aol.com

Anonymous complaints will be considered by the Committee. Where the identity of the observer is known or knowable, at the observer's option, their identity will be kept confidential (i.e., closely held among a small group on a "need to know" basis). The writing should not be speculative; it should be factual in nature and should contain as much specific information as possible.

If the perceived wrongdoing involves the Company's External Auditor, the observer is encouraged to privately report the matter to a member of the committee other than the External Auditor or any other member of the Committee who is perceived to be involved in the wrongdoing.

2. The Committee member receiving the initial report shall call a confidential meeting of the full Committee, taking due care not to inform or include any member of the Committee who is perceived to be involved in the wrongdoing. Such a Committee member is prohibited from participating in the investigation and every effort should be made by the remaining Committee members to maintain the confidentiality of the person who made the report and the existence and substance of the investigation.

3. The investigation shall be conducted by the Committee or, in the Committee's discretion, by the Committee appointing one or more investigators. To the extent possible, the Committee should strive to conclude the investigation stage of the allegation within 45 days. Within 30 days of the conclusion of the investigation, the Committee shall issue a report to the Board of Directors of the Company containing its findings with respect to the perceived wrongdoing and recommended actions by the Company.

4. The Board of Directors shall have exclusive authority to take action with respect to the findings and recommendations within the report.

Retention of Documents:

The report of the Committee shall be kept on file at the Company for at least seven (7) years.

Communication of the Policy:

The policy will be distributed to all Directors, Officers and Employees of the Company by memorandum and to other persons or entities dealing with the Company on an as needed basis. Further, the policy will be posted on the Company's website.

Amendments:

The Company reserves the right to amend or modify this Policy, in whole or in part, in accordance with any regulatory amendment, notification, further guidance or as the Company shall deem appropriate.
