



ESSENT HEALTHCARE, INC.

Section: Corporate Compliance	Effective Date: 02/28/06
Subject: Political Contributions	Revision Date: 02/28/06
Policy #: CC-31	Review Date: 11/19/09
Responsible Party: Corporate Compliance Officer	Revision #: 1

Scope:

This policy applies to all entities and all employees of Essent Healthcare, Inc.

Purpose:

The purpose of this policy is to establish guidelines for taking political action and/or making contributions to political parties and/or candidates for political office.

Policy:

Essent encourages participation in the political process by its employees. It is the policy of Essent Healthcare, Inc. to allow its workforce members to involve themselves in political activities on their own time subject to all federal, state and local laws, rules and regulations.

1. As a corporation, Essent Healthcare, Inc. does not involve itself in political activities nor does it make political contributions to candidates for partisan office or political parties. Corporations are generally prohibited from making contributions in connection with federal, state, or local elections. Indirect expenses on behalf of a candidate, such as travel on a Company aircraft for example, may be considered as contributions in this regard.
2. Essent has established a Political Action Committee (PAC) for the purpose of making contributions to and/or expenditures on behalf of candidates for political office (See PAC policy # CC-32).
3. Political contributions by individuals, when made, are strictly voluntary and at the discretion of the individual making the contribution. Individuals are prohibited from making donations on behalf of Essent or implying, in any way, that Essent is responsible for the donation. Individuals may make personal contributions of time or money as they see fit to the candidates or parties of their choice, as long as they do not suggest or imply Essent support. Individuals may also make contributions to the Essent PAC at their discretion subject to the Federal contribution limit of \$5,000 per PAC per year.
4. Overt, visible and partisan political activity that could cause someone to believe that an employee's actions reflect the views or positions of Essent is prohibited. Individuals engaging in political campaign activities are expected to do so as private citizens and not as representatives of Essent.



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5. No Director, employee, or agent shall apply any pressure, direct or implied, on any other employee that infringes upon that individual's right to decide whether, to whom and in what amount a personal political contribution is to be made.
6. All Directors, employees and agents are prohibited from making a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal.
7. Political contributions are not a valid business expense and should never be submitted for reimbursement as such. Political contributions are not tax deductible.
8. Individuals who are under the age of 18 years old are prohibited from contributing to federal election candidates, committees and/or parties.
9. All workforce members at the Director level or higher are invited to report their personal political contributions to the Corporate Compliance Officer (CCO).
 - a. The CCO shall maintain a log of all reported political contributions so as to ensure that contribution limits are not exceeded.

DEFINITIONS

1. ***Political activity*** means any activity directed toward the success or failure of a political party, candidate for partisan political office, or partisan political group or issue.
2. ***Political contribution*** means any gift, subscription, loan, advance, or deposit of money or anything of value, made for any political purpose.
 - a. A political contribution includes:
 - i. Any contract, promise, or agreement, express or implied, whether or not legally enforceable, to make a contribution for any political purpose;
 - ii. Any payment by any person, other than a candidate or a political party or affiliated organization, of compensation for the personal services of another person which are rendered to any candidate or political party or affiliated organization without charge for any political purpose; and
 - iii. The provision of personal services, paid or unpaid, for any political purpose.



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b. A political contribution does not include the value of services provided without compensation by any individual who volunteers on behalf of any candidate, campaign, political party, or partisan political group.

3. ***Candidates for Political Office*** - Candidate means an individual who seeks nomination or election to any elective office whether or not the person is elected. An individual is deemed to be a candidate if the individual has received political contributions or made expenditures or has consented to another person receiving contributions or making expenditures with a view to bringing about the individual's nomination or election.

2008 FEDERAL CONTRIBUTION LIMITS

Contributions by individuals to candidates for federal office for 2006 are as follows:

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| ▪ Aggregate per individual limit | \$101,400; per 2 year election cycle ¹ |
| ▪ Candidates for federal office | \$ 2,100; per candidate, per election ² |
| ▪ Political Action Committees (PAC) | \$ 5,000; each PAC, per year |
| ▪ National parties (Democratic/Republican) | \$ 26,700; each party, per year |
| ▪ State or local party | \$ 10,000; each party, per year |
| ▪ Other political committee | \$ 5,000; each committee, per year |

¹ \$40,000 per cycle to candidates; \$61,400 per cycle to all national party committees and PACs; No more than \$40,000 of this amount may be contributed to state and local party committees and PACs.

² "*Per election*" is not the same as "per 2 year election cycle". Per election limits allow individuals to contribute to primary elections as well as general elections within the same election cycle.



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2008 STATE CONTRIBUTION LIMITS

Contributions by individuals to candidates for state and local elections for 2006 are as follows:

Connecticut

- Aggregate limit per individual \$15,000; per election
- Per candidate (minors) \$30; per election
- Governor \$2,500; per election
- Other statewide officer \$1,500; per election
- Local chief officer \$1,000; per election
- State senate \$500; per election
- State representative \$250; per election
- Other local office \$250; per election
- State party \$5,000; per party/per election

There is a \$15,000 per election overall limit on the amount an individual may contribute to all candidates during any election campaign (primary and general are one election).

Lobbyists or PACs established by a lobbyist may not make or solicit a contribution to the political campaigns of candidates for the general assembly, governor, other state offices and certain committees while the legislature is in session. Connecticut's legislative session convenes from January to June during odd years and February to May during even years.



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Massachusetts

- Aggregate limit per individual to all candidates \$12,500; per year
- Aggregate limit to party (all committees) \$5,000; per year
- Per candidate \$500; per year
- Per candidate (minors) \$25, per year

Senate candidates cannot accept more than \$18,750 in total PAC contributions. House candidates cannot accept more than \$7,500 in total PAC contributions.

There are no restrictions on making contributions during any regular or special legislative session.

Registered lobbyists may only contribute up to an aggregate amount of \$200 to a candidate or PAC in a calendar year.

Pennsylvania

- There are no state limits in Pennsylvania.

There are no restrictions on making contributions during any regular or special legislative session.

Lobbyists who give a contribution or pledge to any candidate are subject to the same registration and reporting requirements as PACs.



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Tennessee

- Any state office candidate, governor \$2,500; per candidate, per election
- State Senate and State House \$1,000; per election
- Other State and Local Offices \$1,000; per election
- No individual aggregate limit.

No lobbyist, employer or PAC controlled by a lobbyist or employer may make a contribution to a candidate for governor, member of the general assembly or public service commission while the general assembly is in a regular annual legislative session. Nor can any PAC make a contribution to a candidate 10 days prior to any election day. Tennessee's legislative session convenes on January 10th and adjourns May 19th, 2006.

Texas

- There are no state limits in Texas for individuals.

During the period beginning 30 days before the date a regular legislative session convenes and continuing through 20 days after adjournment, contributions to statewide officeholders, legislators, and specific-purpose committees are prohibited. The Texas legislative convenes biennially in regular session beginning the second Tuesday in January of each odd-numbered year. Each regular legislative session lasts 140 days.

REFERENCES

Federal Election Commission (FEC)
Bipartisan Campaign Reform Act of 2002
Consolidated appropriations Act of 2002

