

STATE NATIONAL COMPANIES, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

(Adopted October 23, 2014)

Introduction

This Code of Business Conduct and Ethics (this “**Code**”) describes the basic principles of conduct that we share as officers and employees of State National Companies, Inc. (the “**Company**”). This Code also applies to our directors and should be provided to and followed by our agents and representatives, including consultants. Violation of this Code may result in disciplinary action, varying from reprimand to dismissal.

This Code is intended to provide a broad overview of basic ethical principles that guide our conduct. In some circumstances, we may maintain more specific policies on the topics referred to in this Code. Should you have any questions regarding these policies, please review your employee handbook or contact our General Counsel.

Compliance with Laws, Rules and Regulations

We comply with all laws, rules, and regulations of the places where we do business. If a law, rule, or regulation is unclear, or conflicts with a provision of this Code, you should seek advice from your supervisor or our General Counsel but always seek to act in accordance with the ethical standards described in this Code.

Conflicts of Interest

We conduct our business affairs in the best interest of our Company and should therefore avoid situations where our private interests interfere in any way with our Company’s interests. We need to be especially sensitive to situations that have even the appearance of impropriety and promptly report them to a supervisor, or if appropriate, a more senior manager. If you believe that a transaction, relationship or other circumstance creates or may create a conflict of interest, you should promptly report this concern. Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board or a committee of the Board. Consistent with the rules of The NASDAQ Stock Market, LLC (“**NASDAQ**”), and as further described below, any waiver of this conflict of interest policy for a director or executive officer must be approved in writing by our Board or a board committee upon delegation, and any such waiver should be disclosed as required in a report filed with the Securities and Exchange Commission (the “**SEC**”) within four days of the waiver.

Record-Keeping

We require honest and accurate recording and reporting of information in order to make responsible business decisions. We document and record our business expenses accurately. Questionable expenses should be discussed with the appropriate personnel in our accounting department.

All of our books, records, accounts and financial statements are maintained in reasonable detail, appropriately reflect our transactions, and conform both to applicable legal requirements and to our system of internal controls.

We avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies in our business records and communications. We maintain our records according to our record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please consult our General Counsel.

Public Reporting

As a public company, we will file reports and other documents with the SEC and the stock exchange on which our securities will trade. As well, we will issue press releases and make other public statements that include financial and other information about our business, financial condition and results of operations. We endeavor to make full, fair, accurate, timely and understandable disclosure in reports and documents we file with, or submit to, the SEC and in our press releases and public communications.

We require cooperation and open communication with our internal and outside auditors. It is illegal to take any action to fraudulently influence, coerce, manipulate or mislead any internal or external auditor engaged in the performance of an audit of our financial statements.

The laws and regulations applicable to filings made with the SEC, including those applicable to accounting matters, are complex. While the ultimate responsibility for the information included in these reports rests with senior management, numerous other employees participate in the preparation of these reports or provide information included in these reports. We maintain disclosure controls and procedures to ensure that the information included in the reports that we file with, or submit to, the SEC is collected and communicated to senior management in order to permit timely disclosure of the required information.

If you are requested to provide, review or certify information in connection with our disclosure controls and procedures, you must provide the requested information or otherwise respond in a full, accurate and timely manner. Moreover, even in the absence of a specific request, you should report any significant information that you believe should be considered for disclosure in our reports to the SEC to your supervisor or a more senior manager.

If you have questions or are uncertain as to how our disclosure controls and procedures may apply in a specific circumstance, promptly contact your supervisor or a more senior manager. We want you to ask questions and seek advice. Additional information regarding how to report your questions or concerns (including on a confidential, anonymous basis) is included below in this Code under the heading “Reporting Illegal or Unethical Behavior.”

Insider Trading

We do not trade in Company stock on the basis of material, non-public information concerning the Company, nor do we “tip” others who may trade in Company securities. Questions regarding insider trading should be directed to our General Counsel.

Corporate Opportunities

We do not personally take opportunities that are discovered through the use of Company property, information or position without the prior consent of our Board. Our directors, officers and employees are also prohibited from competing with the Company and from using corporate information or position for personal gain.

Competition and Fair Dealing

We outperform our competition fairly and honestly by providing superior services and leading insurance products to our clients. We do not engage in unethical or illegal business practices such as stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing disclosure of this type of information by past or present employees of other companies.

Business Entertainment and Gifts

We recognize that business entertainment and gifts are meant to create good will and sound working relationships, not to gain unfair advantage with our clients or independent agents. We do not offer, give or accept any gift and only offer, give or accept entertainment in the pursuit of valid business interests. Any questionable gift or invitation should be discussed with a supervisor or, if appropriate, a more senior manager.

Discrimination and Harassment

The diversity of our employees is a tremendous asset. We provide equal opportunity in all aspects of employment and will not tolerate discrimination or harassment of any kind. Derogatory comments based on racial or ethnic characteristics, unwelcome sexual advances and similar behavior are prohibited.

Health and Safety

We strive to provide a safe and healthful work environment by following safety and health rules and practices and promptly reporting accidents, injuries and unsafe equipment, practices or conditions to a supervisor or more senior manager.

We do not permit violence or threatening behavior in our workplaces. We report to work in condition to perform our duties at our best, free from the influence of illegal drugs or alcohol.

Confidentiality

We carefully safeguard confidential information and protect it as required by applicable laws. Confidential information includes proprietary information such as our business plans, marketing plans, investing targets and strategies, investments, sales forecasts, trade secrets, trademarks, copyrights, databases, records, salary information and unpublished financial data and reports, as well as any non-public information that might be of use to competitors or harmful to us or our customers if disclosed. It also includes information that our customers have entrusted to us on a confidential basis. Our personal obligation not to disclose confidential information

continues even after employment ends. Unauthorized use or distribution of confidential information is prohibited and could also be illegal, resulting in civil or even criminal penalties.

Protection and Proper Use of Company Assets

Theft, carelessness and waste of Company assets have a direct impact on our profitability and should be avoided. Any suspected incident of fraud, theft or misuse of confidential information should be immediately reported to a supervisor or, if appropriate, a more senior manager for investigation.

Payments to Government Personnel

We do not promise, offer or deliver to any federal or state government employee or official any gift, favor or other gratuity that would be illegal. In compliance with the United States Foreign Corrupt Practices Act we do not give anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. Our General Counsel can provide guidance in this area.

Waivers

Consistent with the NASDAQ rules, only our Board may waive a provision of this Code for our executive officers or directors, and any waiver should be disclosed as required in a report filed with the SEC within four business days after the waiver. Waivers of this Code for any other employee may be made only by our General Counsel, and then only under special circumstances.

Reporting Illegal or Unethical Behavior

In order to encourage reports of illegal or unethical behavior (including violations of this Code), we keep all reports confidential and do not allow retaliation for good faith reports of possible misconduct by others. It is also our duty to cooperate in internal investigations of alleged misconduct.

We must all work to ensure prompt and consistent action against illegal or unethical behavior. Oftentimes a violation of this Code will be easy to recognize and should be promptly reported to a supervisor or, if appropriate, a more senior manager. However, in some situations it is difficult to know right from wrong. Since none of us can anticipate every situation that will arise, it is important that we have a way to approach a new or sensitive question or concern. Here are some items to keep in mind:

1. ***Make sure you have all the facts.*** In order to reach the right solutions, we must be as fully informed as possible.
2. ***Ask yourself: what specifically am I being asked to do?*** Does it seem unethical or improper? This will focus the inquiry on the specific action in question, and the available alternatives. Use judgment and common sense. If something seems unethical or improper, it probably is.

3. ***Discuss the problem with your supervisor.*** This is the basic guidance for all situations. In many cases, a supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is the supervisor's responsibility to help solve problems.
4. ***Seek help from management.*** In a case where it may not be appropriate to discuss an issue with a supervisor, or where you would not be comfortable approaching a supervisor with your question, discuss it with our human resources department or legal department. If for some reason you do not believe that your concerns have been appropriately addressed, you should seek advice from our General Counsel. Alternatively, we have established procedures to permit confidential, anonymous submissions of concerns regarding alleged violations of this Code, including concerns with respect to questionable accounting or auditing matters. Confidential, anonymous submissions should be mailed directly to the Company at: State National Companies, Inc., 1900 L. Don Dodson, Dr., Bedford, Texas 76021, Attn: General Counsel.

Conclusion

The Company's good name and reputation depend, to a very large extent, upon you taking personal responsibility for maintaining and adhering to the policies and guidelines set forth in this Code. Your business conduct on behalf of the Company must be guided by the policies and guidelines set forth in this Code.

* * * * *

Availability of this Code

This Code will be included on the Company's website and will be made available upon request sent to the Company's Corporate Secretary.