

C O M P A N Y P O L I C Y

Title:	Related Person Transactions Policy		
Application:	Directors and Executive Officers of Zenith National Insurance Corp. and affiliated entities		
Policy Number:	4-002	Issued:	December 7, 2006
Approved By:	Mike Jansen, General Counsel and Corporate Compliance Officer Kari Van Gundy, Chief Financial Officer		
Ratified By:	Board of Directors of Zenith National Insurance Corp.		

POLICY STATEMENT

It is the policy of Zenith National Insurance Corp. and its affiliates (collectively the “Company”) that the Audit Committee of its Board of Directors review and approve/ratify all **related person transactions** (as defined below), and that such **related person transactions** be disclosed in accordance with applicable legal and regulatory requirements.

PURPOSE

Adopting a policy on **related person transactions** accomplishes the following objectives:

- Helps ensure that Company business activities are conducted in an objective manner, are not motivated by desire for personal gain, and are not inappropriately or unlawfully influenced;
- Helps maintain the integrity of Zenith’s relationships with external business associates; and
- Promotes compliance with laws and regulations that establish responsibilities and requirements for the review, approval and ratification of **related person transactions**, and the subsequent disclosure of applicable transactions.

STANDARDS

1. This policy applies to all **related persons** (as defined below).
2. Entering into a **related person transaction**, without approval from the Audit Committee, is prohibited and a violation of this policy.
3. In those instances in which it is not practicable or desirable for the Company to wait until the next Audit Committee meeting for review and approval of a **related person transaction**, the proposed transaction may be presented to the Chair of the Audit Committee (who will possess delegated authority to act on such transactions between Audit Committee meetings). The Chair shall report to the Audit Committee at the next meeting any review or approval under this policy pursuant to delegated authority.
4. The Audit Committee (or where submitted to the Chair, the Chair) shall consider all of the relevant facts and circumstances available, including (if applicable) but not limited to: the benefits to the Company; the impact on a director’s independence in the event the **related person** is a director, an **immediate family member** (as defined below) of a director or an entity in which a director is a partner, stockholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. No member of the Audit Committee shall participate in any review, consideration or approval of any **related person transaction** with respect to which

such member or any of his or her **immediate family members** is the **related person**. The Audit Committee (or the Chair) shall approve only those **related person transactions** that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Audit Committee (or the Chair) determines in good faith.

5. Each director and **executive officer** (as defined below) of the Company is personally responsible for compliance with this policy including to the extent his or her **immediate family members** are involved in a **related person transaction**. However, it shall not be considered a violation of this policy in the event a **related person transaction** involving a director or **executive officer** is entered into without his or her knowledge if such director or **executive officer** notifies the Chief Financial Officer or the General Counsel as soon as practicable after they become aware of the transaction (so the **related person transaction** can be presented to the Audit Committee for the required review).
6. The Company is committed to the prompt investigation and resolution of all reported issues or violations related to this policy. The Company reports issues and violations to its own internal governing bodies and to external government or other agencies as may be required by applicable legal and regulatory requirements.

DEFINITIONS

1. For purposes of this policy, a **related person** means:
 - Any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or **executive officer** of the Company, or a nominee to become a director of the Company;
 - Any person who is known to be the beneficial owner of more than five percent (5%) of any class of the Company's voting securities;
 - Any **immediate family member** of any of the foregoing persons; and
 - Any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a five percent (5%) or greater beneficial ownership interest.
2. For purposes of this policy, an **immediate family member** means: an individual's child, step-child, parent, step-parent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and any other person sharing the household with the individual.
3. For purposes of this policy, a **related person transaction** means: a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and in which any **related person** had, has or will have a direct or indirect material interest. Excluded from this definition are the following, which do not constitute a **related person transaction** even if a **related person** had, has or will have a direct or indirect material interest in the transaction:
 - Charitable donations of \$100,000 or less in any calendar year that are made by the Company to a not-for-profit or charitable organization;
 - Political contributions of \$50,000 or less in any calendar year that are made by the Company to a committee registered under applicable campaign finance laws and regulations;
 - Director and committee fees, benefits and perquisites received as compensation for serving as a director of the Company; and
 - Compensation, benefits and perquisites received by an employee of the Company that: (i) have been approved by the Compensation Committee or the Board of Directors (if the employee is an **executive officer**); (ii) have been approved in accordance with the Company's internal procedures (if the employee is not an **executive officer**); or (iii) are generally available to all employees on the same terms.
4. For purposes of this policy, an **executive officer** means an executive officer of the Company as designated by the Company's Board of Directors from time to time for purposes of the federal securities law disclosure rules.

PROCEDURES FOR POLICY COMPLIANCE

1. The Chief Financial Officer and the General Counsel are responsible for the day-to-day application of this policy to potential **related person transactions**, including:
 - the identification of potential **related person transactions**;
 - conducting a preliminary analysis and review of potential **related person transactions**; and
 - presentation of potential **related person transactions** to the Audit Committee for review including provision of additional information to enable proper consideration by such committee.
2. Disinterested members of the Audit Committee shall render a decision to approve/ratify or reject potential **related person transactions**, having such decisions reflected in the committee minutes.
3. Directors and **executive officers** are required to complete Zenith's D&O Questionnaire on at least an annual basis, which will provide information to assist in the identification and review of potential **related person transactions**.

RELATED POLICIES

1. Corporate Governance Guidelines
2. Code of Business Conduct
3. Conflict of Interest Policy
4. Code of Ethics for Senior Financial Officers
5. Audit Committee Charter

AUTHORITY/CITATIONS

Item 404 of Regulation S-K