
AGREEMENT AND PLAN OF MERGER
BETWEEN
AMERICAN FAMILY INSURANCE MUTUAL HOLDING COMPANY
AND
MAIN STREET AMERICA GROUP MUTUAL HOLDINGS, INC.
As of May 3, 2018

TABLE OF CONTENTS

ARTICLE I DEFINITIONS	1
1.1 Definitions.....	1
ARTICLE II THE MERGER.....	10
2.1 The Merger.....	10
2.2 The Closing.....	10
2.3 Effective Time	10
2.4 Effect of the Merger.....	10
2.5 Member Rights and Interests in Surviving Corporation	11
2.6 Articles of Incorporation.....	11
2.7 Bylaws.....	11
2.8 Board of Directors and Officers for the Surviving Corporation	11
ARTICLE III PLAN OF MERGER	12
3.1 Board of Director and Member Approvals.	12
3.2 Meeting Notice.....	13
3.3 Member Information Statements	13
3.4 Reasonable Efforts; Governmental Approvals.	13
ARTICLE IV REPRESENTATIONS AND WARRANTIES OF MSA HOLDINGS	14
4.1 Organization.....	14
4.2 Subsidiaries; Affiliated Companies.	14
4.3 Authorization; No Conflict	15
4.4 Governmental Approvals	16
4.5 Financial Statements.	16
4.6 Absence of Certain Changes.....	17
4.7 No Undisclosed Liabilities.....	17
4.8 Internal Controls	17
4.9 Real Property; Title to Property.....	17
4.10 Investment Securities	18
4.11 Environmental.....	18
4.12 Intellectual Property.....	19
4.13 Agreements.	20
4.14 Litigation.....	21
4.15 Compliance with Laws	22
4.16 Taxes.....	22
4.17 Related Party Transactions	23
4.18 Employees.....	24
4.19 Employee Benefit Plans.....	24
4.20 Reserves and Reinsurance.....	25
4.21 Insurance Business.....	26
4.22 Regulatory Filings.....	26
4.23 Finders and Investment Bankers.....	27
4.24 Capital or Surplus Maintenance.....	27
4.25 Operations Insurance	27

4.26	Fees and Commissions.....	27
4.27	Company Systems.....	28
4.28	Privacy; Privacy Policies.	28
ARTICLE V REPRESENTATIONS AND WARRANTIES OF AFI MHC		29
5.1	Organization.....	30
5.2	Subsidiaries	30
5.3	Authorization; No Conflict.	30
5.4	Governmental Approvals	31
5.5	Financial Statements.	31
5.6	Absence of Certain Changes.....	31
5.7	No Undisclosed Liabilities.....	32
5.8	Internal Controls	32
5.9	Real Property; Title to Property	32
5.10	Investment Securities	33
5.11	Environmental.....	33
5.12	Intellectual Property.....	33
5.13	Agreements.	34
5.14	Litigation.....	36
5.15	Compliance with Laws	36
5.16	Taxes.....	37
5.17	Related Party Transactions	38
5.18	Employees.....	38
5.19	Employee Benefit Plans.....	39
5.20	Reserves and Reinsurance.....	40
5.21	Insurance Business.....	40
5.22	Regulatory Filings.....	41
5.23	Finders and Investment Bankers.....	41
5.24	Capital or Surplus Maintenance.....	41
5.25	Operations Insurance	42
5.26	Fees and Commissions.....	42
5.27	Company Systems.....	42
5.28	Privacy; Privacy Policies.	43
ARTICLE VI COVENANTS OF AFI MHC AND THE SURVIVING CORPORATION.....		44
6.1	Conduct of Business Pending the Merger.....	44
6.2	Notice of Certain Other Matters	44
6.3	Access and Information; Confidentiality	45
6.4	Tax Treatment.....	45
6.5	D&O Tail Coverage	45
6.6	Conditions Precedent	45
6.7	Post Closing Covenants	45
ARTICLE VII COVENANTS OF MSA HOLDINGS.....		50
7.1	Conduct of Business Pending the Merger.....	50
7.2	Notice of Certain Other Matters	51
7.3	Access and Information; Confidentiality	51

7.4	Exclusive Dealing	52
7.5	Cooperation.....	52
7.6	Tax Treatment.....	52
7.7	Conditions Precedent	52
7.8	Reserves	52
7.9	Bank Accounts	53
7.10	Investment Assets	53
7.11	Employee List	53
7.12	Online Accounts.....	53
7.13	Corporate Governance Records	53
ARTICLE VIII CONDITIONS TO THE OBLIGATIONS OF MSA HOLDINGS		53
8.1	Validity of Representations and Warranties	53
8.2	Performance of Obligations	54
8.3	Consents.....	54
8.4	Employment Agreement with Thomas M. Van Berkel	54
8.5	Material Adverse Change	54
8.6	Tax Opinion	54
ARTICLE IX CONDITIONS TO THE OBLIGATIONS OF AFI MHC		54
9.1	Validity of Representations and Warranties	54
9.2	Performance of Obligations	55
9.3	Consents.....	55
9.4	Employment Agreement with Thomas M. Van Berkel	55
9.5	Affiliated Companies	55
9.6	Material Adverse Change	55
9.7	Tax Opinion	55
9.8	A.M. Best Rating	55
ARTICLE X CONDITIONS APPLICABLE TO THE OBLIGATIONS OF MSA HOLDINGS AND AFI MHC.....		55
10.1	Governmental Approvals.....	55
10.2	HSR Act.....	56
10.3	Injunction	56
10.4	Member Approvals	56
10.5	No Order Regarding Distributions.....	56
ARTICLE XI CLOSING DELIVERABLES		56
11.1	Documents to be Delivered by AFI MHC	56
11.2	Documents to be Delivered by MSA Holdings	57
ARTICLE XII TERMINATION		57
12.1	Termination.....	57
12.2	Effect of Termination.....	58
ARTICLE XIII MISCELLANEOUS		59
13.1	Survival of Representations, Warranties, and Covenants.....	59

13.2	Payment of Expenses	59
13.3	Entire Agreement	59
13.4	Third Party Beneficiaries	59
13.5	Amendments	59
13.6	Assignment	59
13.7	Governing Law	59
13.8	Equitable Remedies	60
13.9	Publicity	60
13.10	Notices	60
13.11	Delivery by Facsimile or Email	61
13.12	Counterparts	61
13.13	Severability	61
13.14	Interpretation; Construction	62

Exhibits

- Exhibit A - Amended and Restated Articles of Incorporation of Surviving Corporation
- Exhibit B - Bylaws of Surviving Corporation
- Exhibit C - Advisory Board Charter

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of May 3, 2018 (this “Agreement”), by and between American Family Insurance Mutual Holding Company, a Wisconsin mutual insurance holding company (“AFI MHC”), and Main Street America Group Mutual Holdings, Inc., a Florida mutual insurance holding company (“MSA Holdings”). AFI MHC and MSA Holdings shall be referred to herein from time to time as a “Party” and together as the “Parties.”

RECITALS

WHEREAS, MSA Holdings, through its wholly owned Subsidiary NGM Insurance Company (“NGM”) and other Subsidiaries and Affiliates, and AFI MHC, through its wholly owned Subsidiary American Family Mutual Insurance Company, S.I. (“AFMIC”) and other Subsidiaries, are engaged in the property and casualty insurance business; and

WHEREAS, MSA Holdings and AFI MHC each desire to combine the strengths of their companies for the benefit of their respective Members and policyholders; and

WHEREAS, MSA Holdings and AFI MHC each deem it advisable and in the best interests of their respective Members to effect the merger of MSA Holdings with and into AFI MHC, with AFI MHC as the surviving corporation (the “Merger”), upon the terms and subject to the conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the premises and the respective representations, warranties, covenants, and agreements set forth herein, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. The following terms will have the respective meanings set forth below throughout this Agreement:

“Advisory Board” has the meaning ascribed to it in Section 6.7.1.

“Advisory Board Charter” has the meaning ascribed to it in Section 6.7.1.

“Advisory Board Term” has the meaning ascribed to it in Section 6.7.1.

“Affiliate” means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Person specified.

“AFI Company Systems” means the Software, computer firmware, computer hardware (whether general purpose or special purpose), storage devices, access devices and peripherals, telecommunications systems, computer networks, electronic data processing, information, record keeping, communications, telecommunications, networks, peripherals, servers, interfaces, personnel and computer systems, including any outsourced systems and processes, and other

similar or related items of automated, computerized and/or Software systems that are used or relied on by the AFI Group Companies, including all AFI Group Companies' rights under all related maintenance or warranty programs.

"AFI Customer Information" has the meaning ascribed to it in Section 5.28.1.

"AFI Disclosure Schedule" means the disclosure schedule delivered by AFI MHC to MSA Holdings pursuant to this Agreement.

"AFI Governmental Approvals" has the meaning ascribed to it in Section 5.4.

"AFI Group Companies" means AFI MHC and the AFI Subsidiaries.

"AFI Insurance Company Subsidiaries" means: (i) American Family Mutual Insurance Company, S.I.; (ii) American Standard Insurance Company of Wisconsin; (iii) American Family Life Insurance Company; (iv) American Family Insurance Company; (v) American Standard Insurance Company of Ohio; (vi) Midvale Life Insurance Company of New York; (vii) Midvale Indemnity Company; (viii) Permanent General Assurance Corporation; (ix) Permanent General Assurance Corporation of Ohio; (x) General Automobile Insurance Company, Inc.; (xi) Homesite Indemnity Company; (xii) Homesite Insurance Company; (xiii) Homesite Insurance Company of California; (xiv) Homesite Insurance Company of Florida; (xv) Homesite Insurance Company of Georgia; (xvi) Homesite Insurance Company of Illinois; (xvii) Homesite Insurance Company of New York; (xviii) Homesite Insurance Company of the Midwest; and (xix) Homesite Lloyd's of Texas.

"AFI Intellectual Property" means: (i) any and all Intellectual Property used in the conduct of the business of the AFI Group Companies as currently conducted; and (ii) any and all other rights in Intellectual Property owned or purportedly owned by the AFI Group Companies.

"AFI Latest Balance Sheet" means AFI MHC's consolidated balance sheet for the fiscal year ended December 31, 2017.

"AFI Management" means the directors, officer(s), or other management level employee(s) of the AFI Subsidiaries who have management level authority and responsibility for an action or policy decision described in Section 6.7, as identified by the Chief Executive Officer of AFMIC.

"AFI Material Adverse Effect" means any change, effect, event, occurrence, state of facts or development that, individually or in the aggregate, has had or could reasonably be expected to: (1) result in a loss, damage, cost, expense, liability or obligation to the AFI Group Companies in excess of One Hundred Million Dollars (\$100,000,000); or (2) have a materially adverse effect on (a) the business, assets, properties, or condition (financial or otherwise) of the AFI Group Companies, taken as a whole, or (b) the ability of the AFI MHC to consummate the transactions contemplated hereby; provided, however, that none of the following shall be deemed in themselves, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, an AFI Material Adverse Effect: (A) any effects resulting from any of the following (i) general political, legislative, economic or

financial market conditions or securities, credit, financial or other capital markets conditions or changes (including interest rate changes), (ii) the commencement, continuation or escalation of actions or war, armed hostilities, sabotage, acts of terrorism, or other man-made disaster; (iii) changes, circumstances or events generally affecting the property and casualty insurance industry in the geographic areas and product markets in which the AFI Group Companies conduct business; (iv) the result of any earthquake, hurricane, tsunami, tornado, windstorm, epidemic or other natural disaster; (v) any change in any applicable Law; or (vi) any change in SAP; except in the case of the foregoing clauses (i) through (vi) to the extent those events, circumstances, changes or effects have a disproportionate effect on the AFI Group Companies compared to other companies of similar size operating in the property and casualty insurance industry and geographic regions in which AFI Group Companies operate.

“AFI Material Contract” has the meaning ascribed to it in Section 5.13.1.

“AFI MHC Member Approval” means the adoption of this Agreement and the Merger by the requisite vote of the Members of AFI MHC in accordance with the WIC and the Articles of Incorporation and Bylaws of AFI MHC.

“AFI MHC” has the meaning ascribed to it in the Preamble.

“AFI Plans” has the meaning ascribed to it in Section 5.19.1.

“AFI Privacy Policies” has the meaning ascribed to it in Section 5.28.1.

“AFI Products” means any and all of the products and services marketed, sold, distributed, or performed by or on behalf of the AFI Group Companies in the seven (7) years prior to the date hereof in the Ordinary Course of Business.

“AFI Real Property Lease” has the meaning ascribed to it in Section 5.9.2.

“AFI Statutory Financial Statements” has the meaning ascribed to it in Section 5.5.1.

“AFI Subsidiary” has the meaning ascribed to it in Section 5.2.

“AFI Subsidiary Organizational Documents” means the articles of incorporation and bylaws and the organizational documents (including, without limitation, articles of incorporation, articles of formation, bylaws, operating agreements, and similar documents, as applicable) of each of AFI Subsidiary in effect as of the date hereof.

“AFMIC” means American Family Mutual Insurance Company, S.I.

“Agreement” means this Agreement and Plan of Merger, as it may be amended by the Parties from time to time in accordance with its terms.

“Burdensome Condition” shall mean any condition imposed in connection with a Governmental Approval that (a) with respect to MSA Holdings, would result in a MSA Material Adverse Effect or a Surviving Corporation Adverse Effect or (b) with respect to AFI MHC,

would result in an AFI Material Adverse Effect or a Surviving Corporation Adverse Effect; or (c) require (i) American Family Mutual Insurance Company, S.I., after the Effective Time, to maintain a capital or risk-based capital level that is in excess of the capital or risk-based capital level as of the date hereof, or (ii) NGM Insurance Company, after the Effective Time, to maintain a risk-based capital level in excess of 400% of the company action level risk-based capital level.

“Business Day” means a day other than a Saturday, Sunday, or any other day on which banking institutions in Madison, Wisconsin or Jacksonville, Florida are permitted or required to be closed for regulator banking business.

“Closing” has the meaning ascribed to it in Section 2.2.

“Closing Date” has the meaning ascribed to it in Section 2.2.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Competing Transaction” has the meaning ascribed to it in Section 7.4.

“Confidentiality Agreement” means that certain Mutual Nondisclosure Agreement, dated as of October 20, 2017, by and between AFI MHC and MSA Holdings.

“Continuing Directors” has the meaning ascribed to it in Section 2.8.

“Converted MSA Holdings Member” means each Member of MSA Holdings immediately prior to the Effective Time who becomes a Member of the Surviving Corporation as a result of the Merger.

“Effective Time” has the meaning ascribed to it in Section 2.3.

“Environmental Laws” has the meaning ascribed to it in Section 4.11.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means, with respect to any Person, any corporation or trade or business (whether or not incorporated) which is or has within the last six (6) years been treated with such Person as a single employer within the meaning of Section 414 of the Code or Section 4001(b)(1) of ERISA.

“ERISA Plans” has the meaning ascribed to it in Section 4.19.

“FIC” means the Florida Insurance Code, codified at Title XXXVII, Chapters 624 through 651 of the Florida Statutes, and corresponding regulations, in each case as amended from time to time.

“GLB” means the Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801, *et. seq.*, as amended.

“Governmental Approvals” means such applications, registrations, declarations, filings, authorizations, Orders, consents, approvals and non-disapprovals as may be required under the Laws of any jurisdiction or jurisdictions, including, without limitation, the AFI Governmental Approvals and the MSA Governmental Approvals.

“Governmental Entity” means any national, federal, state, county, municipal, local, domestic, foreign or supranational governmental, regulatory or self-regulatory authority, agency, court, tribunal, commission or other governmental, regulatory or self-regulatory entity, body, or political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory, taxing, or administrative functions of or pertaining to government or any quasi-governmental body.

“HIPAA” means the Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. Section 1320d, et. seq., as amended.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

“Intellectual Property” means any and all industrial and intellectual property rights and all rights associated therewith, throughout the world, including all patents and applications therefor and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof, all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know how, technology, technical data, proprietary processes and formulae, algorithms, specifications, customer lists and supplier lists, all industrial designs and any registrations and applications therefor, all trade names, logos, trade dress, trademarks and service marks, trademark and service mark registrations, trademark and service mark applications, and any and all goodwill associated with and symbolized by the foregoing items, Internet domain name registrations, Internet and World Wide Web URLs or addresses, all copyrights, copyright registrations and applications therefor, and all other rights corresponding thereto, all mask works, mask work registrations and applications therefor, and any equivalent or similar rights in semiconductor masks, layouts, architectures or topology, all Software, including all source code, object code, firmware, development tools, files, records and data, all schematics, netlists, test methodologies, test vectors, emulation and simulation tools and reports, hardware development tools, and all rights in prototypes, breadboards and other devices, all databases and data collections and all rights therein, all moral and economic rights of authors and inventors, however denominated, and any similar or equivalent rights to any of the foregoing, and all tangible embodiments of the foregoing.

“Investments” has the meaning ascribed to it in Section 4.10.

“Knowledge of AFI MHC” and “AFI MHC’s Knowledge” mean the actual knowledge of the individuals set forth on Schedule 1.1(a) as of the applicable date, after making inquiry of the Person or Persons having primary responsibility for the subject matter of the applicable representation or warranty.

“Knowledge of MSA Holdings” and “MSA Holdings’ Knowledge” mean the actual knowledge of the individuals set forth on Schedule 1.1(b) as of the applicable date, after making

inquiry of the Person or Persons having primary responsibility for the subject matter of the applicable representation or warranty.

“Law” means any federal, state, local or foreign law, statute, code, directive, ordinance, rule, regulation, award, binding and enforceable guideline, binding and enforceable written policy, or rule of common law, enacted or promulgated, or an Order issued or rendered, in each case, by any Governmental Entity.

“Lien” means a lien, mortgage, deed to secure debt, pledge, security interest, sublease, charge, claim, levy, or other encumbrance of any kind.

“Member” means: (i) as to AFI MHC, each Person who is a member of AFI MHC and entitled to vote in accordance with AFI MHC’s Articles of Incorporation and Bylaws; (ii) as to MSA Holdings, each Person who is a member of MSA Holdings and entitled to vote in accordance with MSA Holdings’ Articles of Incorporation and Bylaws; and (iii) as to the Surviving Corporation, each Person who is a member of the Surviving Corporation and entitled to vote in accordance with the Surviving Corporation’s Articles of Incorporation and Bylaws.

“Merger” has the meaning ascribed to it in the Recitals.

“MSA Affiliated Companies” means: (i) Spring Valley Mutual Insurance Company; (ii) Austin Mutual Insurance Company; and (iii) Grain Dealers Mutual Insurance Company.

“MSA Company Systems” means the Software, computer firmware, computer hardware (whether general purpose or special purpose), storage devices, access devices and peripherals, telecommunications systems, computer networks, electronic data processing, information, record keeping, communications, telecommunications, networks, peripherals, servers, interfaces, personnel and computer systems, including any outsourced systems and processes, and other similar or related items of automated, computerized and/or Software systems that are used or relied on by the MSA Group Companies, including all MSA Group Companies’ rights under all related maintenance or warranty programs.

“MSA Customer Information” has the meaning ascribed to it in Section 4.28.1.

“MSA Designees” has the meaning ascribed to it in Section 2.8.

“MSA Disclosure Schedule” means the disclosure schedule delivered by MSA Holdings to AFI MHC pursuant to this Agreement.

“MSA Governmental Approvals” has the meaning scribed to it in Section 4.4.

“MSA Group Companies” means MSA Holdings, the MSA Subsidiaries, and the MSA Affiliated Companies.

“MSA Group Insurance Companies” means the MSA Insurance Company Subsidiaries and the MSA Affiliated Companies.

“MSA Group Management” means the directors, officer(s), or other management level employee(s) of the MSA Subsidiaries and the MSA Affiliated Companies who have management level authority and responsibility for an action or policy decision described in Section 6.7, as identified by the Chief Executive Officer of NGM.

“MSA Holdings” has the meaning ascribed to it in the Preamble.

“MSA Holdings Member Approval” means the adoption of this Agreement and the Merger by the requisite vote of the members of MSA Holdings in accordance with the FIC and the Articles of Incorporation and Bylaws of MSA Holdings.

“MSA Insurance Company Subsidiaries” means: (i) NGM Insurance Company; (ii) Old Dominion Insurance Company; (iii) Main Street American Assurance Company; (iv) MSA Insurance Company; and (v) Main Street America Protection Insurance Company.

“MSA Intellectual Property” means: (i) any and all Intellectual Property used in the conduct of the business of the MSA Group Companies as currently conducted; and (ii) any and all other rights in Intellectual Property owned or purportedly owned by the MSA Group Companies.

“MSA Latest Balance Sheet” means MSA Holdings’ consolidated balance sheet for the fiscal year ended December 31, 2017.

“MSA Material Adverse Effect” means any change, effect, event, occurrence, state of facts or development that, individually or in the aggregate, has had or could reasonably be expected to: (1) result in a loss, damage, cost, expense, liability or obligation to the MSA Group Companies in excess of One Hundred Million Dollars (\$100,000,000); or (2) have a materially adverse effect on (a) the business, assets, properties, or condition (financial or otherwise) of the MSA Group Companies, taken as a whole, or (b) the ability of MSA Holdings to consummate the transactions contemplated hereby; provided, however, that none of the following shall be deemed in themselves, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a MSA Material Adverse Effect: (A) any effects resulting from any of the following (i) general political, legislative, economic or financial market conditions or securities, credit, financial or other capital markets conditions or changes (including interest rate changes), (ii) the commencement, continuation or escalation of actions or war, armed hostilities, sabotage, acts of terrorism, or other man-made disaster; (iii) changes, circumstances or events generally affecting the property and casualty insurance industry in the geographic areas and product markets in which the MSA Group Companies conduct business; (iv) the result of any earthquake, hurricane, tsunami, tornado, windstorm, epidemic or other natural disaster; (v) any change in any applicable Law; or (vi) any change in SAP; except in the case of the foregoing clauses (i) through (vi) to the extent those events, circumstances, changes or effects have a disproportionate effect on the MSA Group Companies compared to other companies of similar size operating in the property and casualty insurance industry and geographic regions in which MSA Group Companies operate.

“MSA Material Contract” has the meaning ascribed to it in Section 4.13.1.

“MSA Outside Director” has the meaning ascribed to it in Section 2.8.

“MSA Plans” has the meaning ascribed to it in Section 4.19.1.

“MSA Privacy Policies” has the meaning ascribed to it in Section 4.28.1.

“MSA Products” means any and all of the products and services marketed, sold, distributed, or performed by or on behalf of the MSA Group Companies in the seven (7) years prior to the date hereof in the Ordinary Course of Business.

“MSA Real Property Lease” has the meaning ascribed to it in Section 4.9.2.

“MSA Representatives” has the meaning ascribed to it in Section 7.4.

“MSA Statutory Financial Statements” has the meaning ascribed to it in Section 4.5.1.

“MSA Subsidiary” has the meaning ascribed to it in Section 4.2.1.

“MSA Subsidiary Organizational Documents” means the articles of incorporation and bylaws and the organizational documents (including, without limitation, articles of incorporation, articles of organization, bylaws, operating agreements, and similar documents, as applicable) of each of MSA Subsidiary and MSA Affiliated Company in effect as of the date hereof

“NGM” means NGM Insurance Company.

“OCI” means the Office of the Commissioner of Insurance of the State of Wisconsin.

“OIR” means the Florida Office of Insurance Regulation.

“Order” means any order, writ, verdict, rule, ruling, judgment, injunction, directive, or decree of or any stipulation to or agreement with, determination, suit, action, proceeding, or investigation of any arbitrator, mediator, or Governmental Entity, whether preliminary, interlocutory, or final.

“Ordinary Course of Business” of any Person means the ordinary and usual course of business of such Person consistent with past practice.

“Party” or “Parties” has the meaning ascribed to it in the Preamble.

“Permitted AFI Liens” has the meaning ascribed to it in Section 5.9.1.

“Permitted MSA Liens” has the meaning ascribed to it in Section 4.9.1.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint stock company, limited liability company, trust, unincorporated organization, Governmental Entity, business unit, division, or entity.

“SAP” means statutory accounting principles prescribed or permitted by the domiciliary state insurance department of the applicable insurance company, as the case may be.

“Software” means software, including associated computer programming code (including, unless otherwise specified, both object code and source code versions thereof), documentation (including, unless otherwise specified, user manuals and other written materials that relate to particular code or databases), materials useful for design (for example, logic manuals, flow charts, and principles of operation), and other written materials or tangible items. “Software” also includes software offered as software-as-a-service.

“Subsidiary” means, with respect to any Person, any corporation of which at least twenty percent (20%) of the total voting power (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, or any partnership, joint venture, limited liability company, association, or other similar business entity of which at least twenty percent (20%) of the partnership or other similar ownership interest is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof. For purposes of this definition, a Person is deemed to have an ownership interest in a partnership, association, limited liability company, or other similar business entity to the extent and in such proportions as such Person is allocated the gains or losses of such partnership, association, limited liability company, or other similar business entity or is or controls the managing director or general partner of such partnership, association, limited liability company, or other similar business entity.

“Surviving Articles” has the meaning ascribed to it in Section 2.6.

“Surviving Bylaws” has the meaning ascribed to it in Section 2.7.

“Surviving Corporation” has the meaning ascribed to it in Section 2.1.

“Surviving Corporation Adverse Effect” means a material adverse effect on the business, financial condition, or results of operations of the Surviving Corporation and its Subsidiaries, taken as a whole (and assuming for the purpose of this definition that the Merger has been consummated), after the Effective Time, other than any such effect resulting from general economic conditions or general financial market conditions or changes (including interest rate changes).

“Tax Returns” mean all returns, declarations, reports, estimates, and statements, regarding Taxes, required to be filed under United States federal, state, local, or foreign Laws.

“Taxes” mean all taxes, charges, fees, levies or other assessments, including all net income, gross income, premium or privilege, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, withholding, payroll, employment, excise, estimated, severance, stamp, occupation, property or other taxes, customs duties, fees, assessments, or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any Governmental Entity (domestic or foreign).

“Third Party Intellectual Property” means any Intellectual Property owned by a third party.

“WIC” means the Wisconsin Insurance Code, codified at Chapters 600 to 655 of the Wisconsin Statutes, and corresponding regulations, in each case as amended from time to time.

“Wisconsin Commissioner” means the Wisconsin Commissioner of Insurance.

ARTICLE II

THE MERGER

2.1 The Merger. In accordance with the provisions of this Agreement and subject to the satisfaction or, if permissible, waiver, of the conditions set forth in Article VIII, Article IX, and Article X hereof, and in accordance with the applicable provisions of the WIC and the FIC, at the Effective Time, MSA Holdings shall be merged with and into AFI MHC and the separate existence of MSA Holdings shall thereupon cease and AFI MHC shall be the surviving corporation in the Merger (the “Surviving Corporation”).

2.2 The Closing. Unless this Agreement shall have been terminated pursuant to Section 12.1 and subject to the satisfaction or waiver of each of the conditions set forth in Article VIII, Article IX, and Article X, the closing of the Merger (“Closing”) under this Agreement shall be held at the offices of Foley & Lardner LLP located in Madison, Wisconsin at 10:00 a.m., local time, as promptly as practicable after the fulfillment or waiver, as applicable, of all the terms and conditions contained in Article VIII, Article IX, and Article X of this Agreement, or in such manner and at such other place and time as shall be mutually agreed to by the Parties. The date and time of the Closing are referred to herein as the “Closing Date.”

2.3 Effective Time. The Merger shall become effective at 12:01 a.m. Central Time on the date that Articles of Merger are filed with the Wisconsin Commissioner pursuant to Sections 644.27 and 611.73 of the WIC and Section 181.1105 of the Wisconsin Statutes, or such other later date or time as AFI MHC and MSA Holdings may agree and specify in the Articles of Merger (the “Effective Time”).

2.4 Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in Section 181.1106 of the Wisconsin Statutes, subject to and/or as incorporated by, Section 181.1105 of the Wisconsin Statutes and Sections 644.27 and 611.73 of the WIC, and except as otherwise provided in the foregoing Wisconsin Statutes, as provided in Section 607.1106 and Section 607.1107 of the Florida Statutes subject to and/or as incorporated by, Section 628.715 of the FIC. Without limiting the generality of the foregoing provisions, and subject to satisfaction of the conditions or requirements contained therein, at the Effective Time the Surviving Corporation shall have all of the rights, privileges, immunities and powers, and shall be subject to all of the duties, obligations, and liabilities granted or imposed by applicable Law. The Surviving Corporation shall thereupon and thereafter possess all the rights, privileges, immunities, powers and franchises of a public as well as of a private nature of each of the Parties; and all property, real, personal, and mixed, and all debts due on whatever account, including subscriptions to shares, assessments payable from members or policyholders, and all

other choses in action and all and every other interest of, or belonging to or due to, each of the Parties shall be deemed to be transferred to and vested in the Surviving Corporation without further act or deed; and the title to any real estate, or any interest therein, under applicable Law vested in any of such Parties shall not revert or be in any way impaired by reason of such Merger. The Surviving Corporation shall thenceforth be responsible and liable for all the liabilities and obligations of the Parties; any claim existing or action or proceeding pending by or against any of the Parties may be prosecuted to judgment as if the Merger had not taken place, or the Surviving Corporation may be substituted in its place; neither the rights of creditors nor any Liens upon the property of any of the Parties shall be impaired by the Merger, but such Liens shall be limited to the property upon which there were Liens immediately prior to the time of the Merger, unless otherwise provided herein.

2.5 Member Rights and Interests in Surviving Corporation. Immediately following the Effective Time, by virtue of the Merger and without any action on the part of the Members of MSA Holdings, each membership interest in MSA Holdings shall be converted into and become a membership interest in the Surviving Corporation. The Merger shall not affect the membership rights of any Member of AFI MHC, and immediately following the Effective Time, each Member of the Surviving Corporation shall possess identical Member rights and privileges, in each case subject to applicable Law including, without limitation, administrative Orders or other conditions or requirements (if any) issued or imposed by OCI or OIR in connection with their review and any potential approval or non-disapproval of the Merger.

2.6 Articles of Incorporation. At the Effective Time, by virtue of the Merger and without any additional action on the part of AFI MHC, MSA Holdings, or the Members of either of the foregoing, the articles of incorporation of the Surviving Corporation shall be amended and restated in their entirety in the form attached hereto as Exhibit A (the “Surviving Articles”).

2.7 Bylaws. At the Effective Time, the bylaws of AFI MHC in the form attached hereto as Exhibit B (the “Surviving Bylaws”) shall continue as the Bylaws of the Surviving Corporation until thereafter amended in accordance with the provisions thereof and applicable Law.

2.8 Board of Directors and Officers for the Surviving Corporation. At the Effective Time, the Board of Directors of the Surviving Corporation will be comprised of those persons who were directors of AFI MHC immediately prior to the Effective Time (the “Continuing Directors”), plus two individuals who were directors of MSA Holdings immediately prior to the Effective Time (the “MSA Designees”). One of the MSA Designees will be the Chief Executive Officer of MSA Holdings immediately prior to the Effective Time. The other MSA Designee (the “MSA Outside Director”) will be an individual who was a nonemployee director of MSA Holdings immediately prior to the Effective Time, to be selected by the Board of Directors of AFI MHC from among a panel of two (2) or more candidates identified by mutual agreement of the Parties. The MSA Designees shall each be appointed by action of the Board of Directors of AFI MHC to fill vacancies on AFI MHC Board of Directors (which shall, if and as necessary, be created by Board action increasing the number of Directors) for a term commencing with the Effective Time and ending on the date of the first annual meeting of the Members of the Surviving Corporation after the Effective Time, shall be nominated for reelection at such annual

meeting for a three (3)-year term, and thereafter shall be given due consideration for nomination for one or more additional terms. The terms of the Continuing Directors will be unaffected by the Merger. Notwithstanding the foregoing, if a MSA Designee is an employee of the Surviving Corporation or one of its Affiliates after the Effective Time, termination of such director's employment will also, without further action on the part of any Person, result in the termination of his or her term as a director. In the event that, prior to the Effective Time, a MSA Designee becomes unwilling or unable to serve as a director of the Surviving Corporation, or if his or her board service is terminated earlier than the expiration of his or her initial term set forth above, the resulting vacancy on the Board of Directors of the Surviving Corporation will be filled by action of the Board of Directors of the Surviving Corporation, appointing an individual selected by the Board of Directors of the Surviving Corporation from among a panel of two (2) or more candidates identified by mutual agreement of the Surviving Corporation and the Advisory Board described in Section 6.7.1. From and after the Effective Time, the officers of AFI MHC shall be the officers of the Surviving Corporation, each such officer to hold office in accordance with the articles of incorporation and bylaws of the Surviving Corporation in effect from time to time.

ARTICLE III

PLAN OF MERGER

3.1 Board of Director and Member Approvals.

3.1.1 AFI MHC represents that KPMG Corporate Finance LLC has delivered to the AFI MHC Board of Directors an opinion that the Merger is fair, from a financial point of view, to AFI MHC's Members.

3.1.2 AFI MHC represents that its Board of Directors, at a meeting called and held, has determined that the Merger and the other transactions contemplated herein are in the best interests of AFI MHC and its Members.

3.1.3 MSA Holdings represents that Keefe, Bruyette & Woods, Inc. has delivered to the MSA Holdings Board of Directors an opinion that the exchange of membership interests in MSA Holdings for membership interests in the Surviving Corporation is fair, from a financial point of view, to MSA Holdings' Members.

3.1.4 MSA Holdings represents that its Board of Directors, at a meeting duly called and held, has determined that the Merger and the other transactions contemplated herein are in the best interests of MSA Holdings and its Members.

3.1.5 Each Party shall take all actions reasonably necessary or advisable under their respective articles of incorporation and bylaws to convene a meeting of their respective Members as promptly as practicable to consider and vote upon this Agreement.

3.1.6 Subject to their fiduciary duties under applicable Law, each Party's Board of Directors will recommend that their respective Members vote in favor of this Agreement and will use their respective commercially reasonable efforts to solicit such Members to vote in favor of this Agreement and to take all other actions reasonably necessary or advisable to secure the

votes of their respective Members which are required in order to approve this Agreement and effect the transactions contemplated herein.

3.2 Meeting Notice. Each Party shall prepare meeting notices setting forth the time, place, and purpose of the Members' meetings referred to in Section 3.1 hereof.

3.3 Member Information Statements. Each Party shall prepare an information statement regarding the transactions contemplated by this Agreement (which shall include either a copy or summary of this Agreement) for delivery to their respective Members entitled to vote on the Merger, in each case satisfying all requirements of applicable Law and in form and substance reasonably acceptable to AFI MHC.

3.4 Reasonable Efforts; Governmental Approvals.

3.4.1 Upon the terms and subject to the conditions herein provided, each of the Parties hereto agrees to use commercially reasonable efforts to take, or cause to be taken, all actions to do, or cause to be done, and to assist and cooperate with the other Party hereto in doing, all things necessary, proper or advisable under applicable Law to consummate and make effective, in the most expeditious manner reasonably practicable, the Merger and the other transactions contemplated by this Agreement, including: (i) the actions set forth in this Article III; and (ii) obtaining all necessary actions or waivers, consents, Governmental Approvals and other approvals as may be required from Governmental Entities and other Persons and the making of all necessary registrations and filings. Notwithstanding anything to the contrary contained in this Agreement, AFI MHC shall not be obligated to take or refrain from taking nor to agree to it or its Affiliates (including its Affiliates after the Merger) taking or refraining from any action nor to suffer to exist any condition, limitation, restriction or requirement that, individually or in the aggregate with any other actions, conditions, limitations, restrictions or requirements, would or would reasonably be likely to result in a Burdensome Condition. In connection with the foregoing, the Parties shall make, and cause their respective Affiliates to make, all filings required by applicable Law as promptly as reasonably practicable after the date hereof in order to facilitate prompt consummation of the transactions contemplated by this Agreement and shall provide, and shall cause their respective Affiliates to provide, such information and communications to Governmental Entities as such Governmental Entities may request. Subject to applicable Law, each of the Parties shall provide to the other Party copies of all applications or other communications to Governmental Entities in connection with this Agreement in advance of the filing or submission thereof. If any Governmental Entity requires that a hearing be held in connection with any required Governmental Approval of the transactions contemplated by this Agreement, each Party shall use commercially reasonable efforts to arrange for such hearing to be held promptly after the notice that such hearing is required has been received by such Party. Subject to applicable Law, each Party shall give the other Party reasonable prior written notice of the time and place when any meetings, telephone calls or other conferences may be held by it with any Governmental Entity in connection with the transactions contemplated by this Agreement, and the other Party will have the right to have a representative or representatives attend or otherwise participate in any such meeting, telephone call or other conference.

3.4.2 Neither Party shall acquire any properties or assets, or (by merger, consolidation, acquisition or disposition of stock or assets or otherwise) any business or any corporation, partnership or other business organization or division, in each case, that would reasonably be expected to have the effect of materially delaying, impairing, or impeding: (i) the consummation of the Merger; or (ii) the receipt of any required Governmental Approval, except, in the case of clause (ii) above, as set forth on Section 3.4.2 of the AFI Disclosure Schedule or MSA Disclosure Schedule, as applicable.

3.4.3 Without limiting the generality of the foregoing, as soon as reasonably practicable after the date hereof, the Parties shall make all filings and notifications with all insurance Governmental Entities that may be or may become reasonably necessary, proper or advisable under this Agreement and applicable Laws to consummate and make effective the transactions contemplated by this Agreement, including: (i) “Form A” or similar change of control applications to be filed in each jurisdiction where required by applicable Laws with respect to the transactions contemplated by this Agreement; and (ii) if required, an appropriate filing of a notification and report form pursuant to the HSR Act with respect to the transactions contemplated by this Agreement.

3.4.4 From and after the date hereof, the Parties shall use commercially reasonable efforts, and shall cooperate fully with each other to obtain as promptly as reasonably practicable following the date hereof all required approvals, consents, waivers, or authorizations from Third Parties (other than any Governmental Entity) required in connection with the consummation of the transactions contemplated by this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF MSA HOLDINGS

MSA Holdings represents and warrants to AFI MHC as follows:

4.1 Organization. MSA Holdings is a mutual insurance holding company duly organized, validly existing, and in good standing under the applicable Laws of the State of Florida and has the corporate power and authority and all authorizations, licenses, and permits necessary to own and operate its properties and to carry on its businesses as now conducted, except where the failure to hold such authorizations, licenses, and permits would not have a MSA Material Adverse Effect. MSA Holdings is qualified to do business in every jurisdiction in which its ownership of property or the conduct of business as now conducted requires it to qualify, except where the failure to be so qualified would not have a MSA Material Adverse Effect.

4.2 Subsidiaries; Affiliated Companies.

4.2.1 Subsidiaries. Section 4.2.1 of the MSA Disclosure Schedule sets forth a true and complete a list of all of MSA Holdings’ direct or indirect Subsidiaries (hereinafter separately called a “MSA Subsidiary” and collectively called the “MSA Subsidiaries”), including its name, place of incorporation or formation and, if not wholly owned directly or indirectly by MSA Holdings, the record ownership as of the date of this Agreement of all capital stock or

other equity interests issued thereby. All of the outstanding shares of capital stock of each of the MSA Subsidiaries have been validly issued and are fully paid and nonassessable. Except for the MSA Subsidiaries, the MSA Affiliated Companies, or as set forth in Section 4.2.1 of the MSA Disclosure Schedules, no MSA Group Company holds any equity securities, or securities convertible into equity, in any entity (other than an Investment) and there are no outstanding subscriptions, options, warrants, calls, rights, convertible securities, obligations to make capital contributions or advances, or voting trust arrangements, stockholders' agreements or other agreements, commitments or understanding of any character relating to the issued or unissued capital stock of any MSA Subsidiary or any securities convertible into, exchangeable for or evidencing the right to subscribe for any shares of such capital stock or otherwise obligating any MSA Group Company to issue, transfer or sell any such capital stock or such other securities. Each of the MSA Subsidiaries is duly organized, validly existing and in good standing under the applicable Laws of the jurisdiction of its incorporation or organization, as applicable, and has all requisite corporate, or other legal entity, as the case may be, power and authority and all authorizations, licenses and permits necessary to own and operate its properties and to carry on its businesses as now conducted and is qualified to do business in every jurisdiction in which its ownership of property or the conduct of its businesses as now conducted requires it to qualify, except in each such case where the failure to hold such authorizations, licenses and permits or to be so qualified would not have a MSA Material Adverse Effect. Each of the MSA Subsidiaries is duly qualified or otherwise authorized to transact business as a foreign entity and is in good standing in every jurisdiction in which such qualification or authorization is required by applicable Law to carry on its business as now being conducted, except where the failure to be so qualified would not individually or in the aggregate have a MSA Material Adverse Effect.

4.2.2 Affiliated Companies. Each of the MSA Affiliated Companies is duly organized, validly existing and in good standing under the applicable Laws of the jurisdiction of its incorporation or organization, as applicable, and has all requisite corporate, or other legal entity, as the case may be, power and authority and all authorizations, licenses and permits necessary to own and operate its properties and to carry on its businesses as now conducted and is qualified to do business in every jurisdiction in which its ownership of property or the conduct of its businesses as now conducted requires it to qualify, except in each such case where the failure to hold such authorizations, licenses and permits or to be so qualified would not have a MSA Material Adverse Effect. Each of the MSA Affiliated Companies is duly qualified or otherwise authorized to transact business as a foreign entity and is in good standing in every jurisdiction in which such qualification or authorization is required by applicable Law to carry on its business as now being conducted, except where the failure to be so qualified would not individually or in the aggregate have a MSA Material Adverse Effect.

4.3 Authorization; No Conflict.

4.3.1 The execution, delivery, and performance of this Agreement by MSA Holdings and the consummation of the transactions contemplated hereby have been duly and validly authorized by the MSA Holdings Board, and subject to obtaining the MSA Holdings Member Approval, no other corporate proceedings on its part are necessary to authorize the execution and performance of this Agreement. Assuming this Agreement is a valid and binding obligation of AFI MHC, this Agreement has been duly executed and delivered by MSA Holdings

and constitutes the valid and legally binding obligation of MSA Holdings, enforceable against it in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium, or similar Laws affecting or relating to creditors' rights generally and general principles of equity.

4.3.2 Except for: (i) the filing of the Articles of Merger with the Wisconsin Commissioner; (ii) the MSA Holdings Member Approval; (iii) compliance with and filings under the HSR Act; (iv) the MSA Governmental Approvals; and (v) the consents, waivers, authorizations or approvals set forth in Section 4.3.2 of the MSA Disclosure Schedule, the execution, delivery, performance and compliance with the terms and conditions of this Agreement by MSA Holdings and the consummation of the transactions contemplated hereby and thereby do not and shall not: (A) violate, conflict with, result in any breach of or constitute a violation or default, or give rise to a right of termination under any of the provisions of the articles of incorporation or bylaws (or equivalent organizational documents) of any MSA Group Company; (B) except as set forth in Section 4.3.2 of the MSA Disclosure Schedule, violate, result in a breach of, constitute a violation or default, or give rise to a right of termination under any MSA Material Contract; (C) violate any Law to which any of the MSA Group Companies is subject; (D) violate any judicial, administrative or arbitral Order, writ, award, judgment, injunction or decree involving any MSA Group Company; or (E) result in the creation of any Lien upon any of the assets of any MSA Group Company, except where the failure of any of the representations and warranties contained in clauses (B), (C), (D), or (E) above to be true would not have a MSA Material Adverse Effect.

4.4 Governmental Approvals. Except for the applicable requirements of the HSR Act and the consents, waivers, approvals, authorizations, permits, filings, or notifications listed in Section 4.4 of the MSA Disclosure Schedule (collectively, the "MSA Governmental Approvals"), no filing with or notice to, and no permit, authorization, consent or approval of any Governmental Entity is necessary for the consummation by MSA Holdings of the transactions contemplated by this Agreement, except for such consents, approvals, filings, permits or authorizations the failure of which to obtain, make or give, as the case may be, would not, individually or in the aggregate, be reasonably likely to have a MSA Material Adverse Effect.

4.5 Financial Statements.

4.5.1 Statutory Financial Statements. MSA Holdings has previously made available to AFI MHC copies of the audited statutory annual statements for the fiscal years ended December 31, 2017, 2016, and 2015 and the three (3) month period ended March 31, 2018 for each of the MSA Group Insurance Companies as filed with the insurance regulator in their respective states of domicile (collectively, the "MSA Statutory Financial Statements"). Except as set forth in Section 4.20 of the MSA Disclosure Schedule relative to the reserves of the MSA Group Insurance Companies, the MSA Statutory Financial Statements, including the provisions made therein for investments and the valuation thereof, reserves, policy and contract claims, together with the notes thereto, fairly present in all material respects (and, as to any MSA statutory financial statements not filed as of the date hereof, will fairly present in all material respects) the financial position, assets, liabilities, change in financial position, surplus and other funds, and results of operations of each such MSA Group Insurance Company as of the times

and for the periods referred to therein in conformity with SAP, except as set forth therein. Each such MSA Statutory Financial Statement was (and, as to any MSA statutory financial statements not filed as of the date hereof, will be) in compliance with applicable Law and correct in every material respect when filed and there were no material omissions therefrom.

4.6 Absence of Certain Changes. Since January 1, 2018, there has been no event or condition that has had (or is reasonably likely to result in) a MSA Material Adverse Effect, and except as set forth in Section 4.6 of the MSA Disclosure Schedule, the MSA Group Companies have conducted their businesses in the Ordinary Course of Business.

4.7 No Undisclosed Liabilities. Except as set forth in Section 4.20 of the MSA Disclosure Schedule relative to the reserves of the MSA Group Insurance Companies, no MSA Group Company has any liabilities or obligations (whether absolute or contingent and whether due or to become due) of a nature that would be required to be disclosed on a balance sheet prepared in accordance with SAP, in each case except for: (i) liabilities and obligations reported, disclosed, accrued or specifically reserved against in the MSA Statutory Financial Statements; (ii) contractual liabilities arising in the Ordinary Course of Business; (iii) liabilities incurred after the date of this Agreement without violation of Section 6.1 hereof; or (iv) liabilities that, individually or in the aggregate, are not reasonably likely to result in a MSA Material Adverse Effect.

4.8 Internal Controls. The MSA Group Companies have devised and maintain a system of internal accounting controls with respect to the business of the MSA Group Companies sufficient to provide reasonable assurances that: (i) transactions are executed according to the management's general or specific authorization; (ii) transactions are recorded as necessary to permit the preparation of financial statements conforming with SAP, and to maintain accountability for assets; (iii) access to its assets is permitted only in accordance with management's general or specific authorization; and (iv) recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; in each case, except where any such failure to do so would not cause a MSA Material Adverse Effect.

4.9 Real Property; Title to Property.

4.9.1 Section 4.9.1 of the MSA Disclosure Schedule sets forth all of the real property owned by MSA Group Companies, including the address of such real property, and the identification of any leases or subleases affecting such real property. Each MSA Group Company has good and marketable title to all real properties owned by it and good title to all other assets and properties shown as owned by it on the MSA Latest Balance Sheet or acquired since that date (except properties disposed of in the Ordinary Course of Business subsequent to that date), in each case free of all Liens of any nature whatsoever, other than: (i) Liens for Taxes not yet due and payable; (ii) such minor Liens as, in the aggregate, do not and would not if asserted be reasonably likely to have a MSA Material Adverse Effect; and (iii) the Liens listed in Section 4.9.1 or Section 4.9.2 of the MSA Disclosure Schedule ("Permitted MSA Liens").

4.9.2 Section 4.9.2 of the MSA Disclosure Schedule sets forth all of the real property leased, subleased, licensed, or otherwise occupied by any MSA Group Company, including the address of such real property, the identification of the lease, sublease, license, or occupancy agreement by which any MSA Group Company occupies such real property, and any subleases, sublicenses, or sub agreements affecting such real property (each a “MSA Real Property Lease,” and collectively, the “MSA Real Property Leases”). To the Knowledge of MSA Holdings, a MSA Group Company holds a valid and existing leasehold interest under each MSA Real Property Lease, subject to proper authorization and execution of such lease by the other party and the application of any bankruptcy or creditor’s rights Laws, and subject to Permitted MSA Liens. No MSA Group Company has entered into or exercised any option to purchase, lease, sublease, license, or occupancy agreement, or allowed any other party to lease, sublease, license, occupy or enter into an option to purchase or agreement for the purchase and sale of, any real property except as disclosed in Section 4.9.1 or Section 4.9.2 of the MSA Disclosure Schedule. Each MSA Group Company has the right to use the real property owned or leased by it for all purposes for which they are currently used, and each MSA Group Company is using the real property owned or leased by it in compliance with all applicable Laws.

4.10 Investment Securities. All transactions in securities, mortgages, and other investments (“Investments”) owned by each MSA Group Company since December 31, 2015 have complied with the written investment policies of such MSA Group Company and applicable Law. Except as set forth in Section 4.10 of the MSA Disclosure Schedule, each MSA Group Company has good title to its Investments other than with respect to those Investments that have been disposed of in the Ordinary Course of Business or redeemed in accordance with their terms since such date and other than Permitted MSA Liens or with respect to statutory deposits that are subject to customary restrictions on transfer. None of the Investments owned by any MSA Group Company, to the Knowledge of MSA Holdings, are as of the date of this Agreement in default in the payment of principal or interest, except for any such defaults that individually, or collectively, would not be reasonably likely to have a MSA Material Adverse Effect. Except as set forth in Section 4.10 of the MSA Disclosure Schedule, there are no Liens on any Investments owned by the MSA Group Companies, other than Permitted MSA Liens, and none of the Investments owned by any MSA Group Company consists of securities loaned to third parties.

4.11 Environmental. Except as set forth in Section 4.11 of the MSA Disclosure Schedule, each MSA Group Company has conducted and is conducting its business in compliance in all material respects with all Laws currently in force relating to pollution or the protection of the environment (“Environmental Laws”). Except as set forth in Section 4.11 of the MSA Disclosure Schedule, there is no pending, or to the Knowledge of MSA Holdings, threatened, civil or criminal litigation, written notice of violation, or administrative proceeding relating to such Environmental Laws involving any MSA Group Company or any previously or presently owned property or asset of any MSA Group Company. To the Knowledge of MSA Holdings, there are no conditions existing with respect to the release, emission, discharge or presence of hazardous substances in connection with the business of any MSA Group Company, which conditions could, individually or in the aggregate, be reasonably likely to have a MSA Material Adverse Effect. No MSA Group Company requires any approvals, consents, licenses,

or permits with respect to environmental matters to carry on their business substantially as currently conducted.

4.12 Intellectual Property.

4.12.1 Title to Intellectual Property. The MSA Group Companies own or have a valid and effective right under license to use all Intellectual Property necessary for the conduct of the business of the MSA Group Companies as currently conducted free and clear of all title defects, claims or Liens, other than Permitted MSA Liens. To the Knowledge of MSA Holdings, the rights of the MSA Group Companies in and to such Intellectual Property are sufficient for the conduct of the business of the MSA Group Companies as currently conducted.

4.12.2 Registrations. All trademark registrations and pending trademark applications, domain names, copyright registrations, patent and pending patent applications, and similar registrations in any jurisdiction included among the MSA Intellectual Property owned by the MSA Group Companies are valid, subsisting, and in full force and effect as of the date hereof (provided, however, that any pending applications are subject to the uncertainty and risks ordinarily associated with prosecution, and may incur rejections or other office actions affecting their registration or issuance, or the scope of any registered or issued property that results therefrom) and all maintenance, renewal, registration or other fees that are required by any Governmental Entity in relation to the maintenance or renewal of any registrations or pending applications for MSA Intellectual Property owned by the MSA Group Companies and have a non-extendable due date falling prior to the Closing Date have been paid in full, and such fees have been paid or extensions have been requested for any such pending applications or registrations that have extendable due dates falling prior to the Closing Date. All rights in any MSA Intellectual Property owned by the MSA Group Companies has been assigned by express agreement to a MSA Group Company, or such MSA Intellectual Property has been prepared by MSA Group Company employees in the ordinary course of their employment and as such constitutes a work made for hire.

4.12.3 Absence of Claims. The use by the MSA Group Companies of MSA Intellectual Property does not materially infringe, misappropriate, or violate any Third-Party Intellectual Property. No MSA Group Company is engaged in, a party to, or, to the Knowledge of MSA Holdings, threatened with, any claim, controversy, legal or equitable action, or other proceeding (whether as plaintiff, defendant, or otherwise, and regardless of the forum or the nature of the opposing party) asserting material infringement, misappropriation or any other violation of any Third-Party Intellectual Property. No MSA Group Company has received any written legal or expert opinion that any of its products and services, the MSA Intellectual Property, or the operation of its business, as previously or currently conducted, materially infringes, misappropriates, or otherwise violates any Third Party Intellectual Property rights.

4.12.4 Absence of Infringement; Unauthorized Use. To the Knowledge of MSA Holdings, there has been no material unauthorized use, unauthorized disclosure, infringement, or misappropriation of any MSA Intellectual Property owned by the MSA Group Companies by any third party, including any employee or former employee of the MSA Group Companies. No MSA Group Company has brought in the past five (5) years, and there are no pending, actions,

suits, or proceedings by the MSA Group Companies for infringement or misappropriation of, or for breach of any contractual obligation concerning, any MSA Intellectual Property owned by the MSA Group Companies.

4.13 Agreements.

4.13.1 Subject to Section 4.13.2, except as set forth in Section 4.13.1 of the MSA Disclosure Schedule, no MSA Group Company is a party to, nor is MSA Holdings or any of the MSA Subsidiaries bound by, any oral or written (each, a “MSA Material Contract” and collectively, the “MSA Material Contracts”):

- (i) employment agreement or agreement to make payments to any employee;
- (ii) stock ownership, profit-sharing, bonus, deferred compensation, stock option, severance pay, pension, retirement or similar plan or agreement;
- (iii) mortgage, indenture, note or installment obligation the unpaid balance of which exceeds \$10,000,000, or other instrument for or relating to any borrowing of money by MSA Holdings or any of the MSA Subsidiaries, the unpaid balance of which exceeds \$10,000,000;
- (iv) guaranty of any obligation for borrowings or otherwise, which individually or in the aggregate exceeds \$10,000,000;
- (v) agreement or arrangement for the sale or lease of any material amount of its assets or part of its business other than in the Ordinary Course of Business or for the preferential rights to purchase or lease any material amount of its assets or part of its business;
- (vi) reinsurance, pooling, or retrocession treaty or agreement, which exceeds \$1,000,000 (including terminated treaties or agreements containing residual or unexpired liabilities for which any of the MSA Group Insurance Companies have either provided or received notice of a loss or claim and/or booked a corresponding reserve);
- (vii) affiliation agreements;
- (viii) agreement or contract with any managing general agent, managing general underwriter, or wholesale insurance agency.
- (ix) agreement for the outsourcing of any material portion of the insurance operations of any of the MSA Group Insurance Companies, including, without limitation, any management or advisory agreement with respect to investment assets, administrative services agreement, agreement for the provision of claims or underwriting services, or agreement for data processing or analysis;

(x) agreement or arrangement containing any provision or covenant limiting the ability of MSA Holdings or any of the MSA Subsidiaries to engage in any line of business, compete with any Person, to do business with any Person or in any location or to employ any Person that individually or in the aggregate would be reasonably likely to have a MSA Material Adverse Effect;

(xi) agreement or arrangement with any Person containing any provision or covenant relating to the indemnifying or holding harmless by any MSA Group Company of any Person which might reasonably be expected to result in a liability to any MSA Group Company of \$10,000,000 or more, except where such agreement or arrangement is contained within the articles of incorporation or bylaws of MSA Holdings or any of MSA Subsidiary Organizational Documents;

(xii) MSA Real Property Lease;

(xiii) agreement for the administration of a material portion of claims for any MSA Group Insurance Company;

(xiv) material disaster recovery agreement;

(xv) agreements relating to Intellectual Property that is material to the business of the MSA Group Companies taken as a whole, but excluding licenses for generally available, off-the-shelf Software that is licensed pursuant to commercial terms and conditions;

(xvi) agreement or arrangement that involves or is reasonably likely to involve the payment by or to any MSA Group Company of \$10,000,000 or more (not taking into account potential future automatic renewals or extensions of such agreements or arrangements); or

(xvii) any other contract, agreement or other instrument not otherwise listed in this Section 4.13.1 that is otherwise material to the business, assets, liabilities, results of operations or financial condition of the MSA Group Companies taken as a whole.

4.13.2 The MSA Material Contracts are in full force and effect as of the date hereof. No MSA Group Company, or to the Knowledge of MSA Holdings, any other party thereto, is in default as to any provision thereof, except for defaults that individually or in the aggregate would not be reasonably likely to have a MSA Material Adverse Effect. True and complete copies of all MSA Material Contracts have been delivered or made available to AFI MHC for review, except for agreements responsive to subsection (vi) above, for which only copies of those agreements for which there are balances shown as payable or recoverable on Schedule F within the most recent MSA Statutory Financial Statement have been provided or made available.

4.14 Litigation. Except as set forth in Section 4.14 of the MSA Disclosure Schedule, and except for insurance claims litigation arising in the Ordinary Course of Business for which

reserves have been established in accordance with Section 4.20 hereof, there are no actions, suits or proceedings pending, or, to the Knowledge of MSA Holdings, threatened, against or affecting any of the MSA Group Companies or their properties or businesses, at law or in equity, or before any Governmental Entity or before any arbitrator, that has had, or is reasonably likely to result in, a MSA Material Adverse Effect. Except as set forth in Section 4.14 of the MSA Disclosure Schedule, there are no unresolved disputes under any contract to which any MSA Group Company is a party or by which any MSA Group Company is bound, except for insurance-claims litigation arising in the Ordinary Course of Business for which reserves have been established in accordance with Section 4.20 hereof or disputes that have not had (or are not reasonably likely to result in) a MSA Material Adverse Effect. No MSA Group Company is in default with respect to any Order, writ, award, judgment, injunction or decree of any Governmental Entity or arbitrator applicable to it that has had (or is reasonably likely to result in) a MSA Material Adverse Effect.

4.15 Compliance with Laws. Except as would not, or would not be reasonably likely to, result in a MSA Material Adverse Effect, since January 1, 2015: (i) each of the MSA Group Companies has been in compliance in all material respects with all applicable Law; and (ii) none of the MSA Group Companies has received any written notice alleging any material violations of applicable Laws or material liability or potential liability under any such Law. As of the date hereof, all material approvals, filings, permits, and licenses of Governmental Entities required to conduct the business of the MSA Group Companies are in the possession of the MSA Group Companies, are in full force and effect and are being complied with. Since January 1, 2015, no MSA Group Company has received any written communication from any Governmental Entity or any other Person regarding any actual or alleged violation of, or failure on the part of any MSA Group Company to comply with, any applicable Laws. There are no unpaid claims and assessments against any MSA Group Insurance Company whether or not due, by any state insurance guaranty association (in connection with that association's fund relating to insolvent insurers), joint underwriting association, residual market facility or assigned risk pool.

4.16 Taxes.

4.16.1 Except as set forth in Section 4.16.1 of the MSA Disclosure Schedule: (i) all Tax Returns required to be filed with the appropriate taxing authorities have been filed by or on behalf of the MSA Group Companies and all Taxes due have been paid or provided for in full; (ii) there are no Liens for Taxes upon the assets of MSA Group Companies except statutory Liens for Taxes not yet due; (iii) there are no outstanding deficiencies in respect of Taxes asserted or threatened or assessments of Taxes made or threatened, nor any administrative or judicial proceedings pending or threatened concerning Taxes, with respect to the MSA Group Companies and any deficiencies, assessments or proceedings shown in the MSA Disclosure Schedule are being contested in good faith through appropriate proceedings; (iv) the MSA Group Companies have established on the financial statements described in Section 4.5 of this Agreement reserves and accruals adequate for the payment of all Taxes accrued for all periods reflected therein; (v) there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any Tax Returns required to be filed with respect to the MSA Group Companies; and (vi) no MSA Group Company requested any extension of time within which to file any Tax Return, which Tax Return has not been filed.

4.16.2 The income Tax Returns of the MSA Group Companies have been examined by the Internal Revenue Service and the applicable state taxing authorities or the statute of limitations has expired for all periods up to and including December 31, 2010, and there are no outstanding or unresolved proposed adjustments.

4.16.3 Except as set forth in Section 4.16.3 of the MSA Disclosure Schedule, the consummation of the transactions contemplated by this Agreement will not give rise to any payment by any MSA Group Company that will not be deductible (in whole or in part) by reason of Section 280G of the Code and the regulations promulgated thereunder.

4.16.4 Except as set forth in Section 4.16.4 of the MSA Disclosure Schedule, no currently effective power of attorney has been granted by MSA Holdings or any of the MSA Subsidiaries with respect to any matter relating to Taxes.

4.16.5 Each MSA Group Company has complied with all applicable Laws relating to the payment and withholding of Taxes and has, within the time and in the manner prescribed by applicable Law, withheld and paid over to the proper Governmental Entities all amounts required to be so withheld and paid over under applicable Law.

4.16.6 Except as set forth in Section 4.16.6 of the MSA Disclosure Schedule, no MSA Group Company is a party to any material Tax allocation, sharing, indemnification, or similar agreement or arrangement under which they or any one of them could be liable for any Taxes of any other party to such agreement or arrangement.

4.16.7 Since January 1, 2015, no written claim has been made by a Governmental Entity that any MSA Group Company is or may be subject to taxation by a jurisdiction where such MSA Group Company does not file Tax Returns.

4.16.8 Since January 1, 2015, no MSA Group Company has: (i) applied for any consent for any change in method of accounting or for any other Tax ruling; (ii) entered into a closing agreement or advance pricing agreement with any Tax authority; (iii) filed an election under Section 338(g) or Section 338(h)(10) of the Code (or taken any action that would result in any Tax liability as a result of a deemed election within the meaning of Section 338(e) of the Code); or (iv) been the “distributing corporation” (within the meaning of Section 355(c)(2) of the Code) with respect to a transaction described in Section 355 of the Code.

4.16.9 Each of the MSA Group Insurance Companies qualifies as an insurance company taxable under Section 831 of the Code and all Tax Returns have been filed in a manner consistent with such status.

4.17 Related Party Transactions. Except as set forth in Section 4.17 of the MSA Disclosure Schedule, no officer, director, or Affiliate of any MSA Group Company, or any individual in such officer’s or director’s immediate family, or any entity for which any such officer or director owns equity securities or serves as a director or officer, is a party to any agreement or transaction with any MSA Group Company.

4.18 Employees. With respect to employees or former employees of any MSA Group Company, there is no labor strike, dispute, slowdown, or stoppage actually pending or threatened against or directly affecting the MSA Group Companies. There are no charges or complaints involving any federal, state or local civil rights enforcement agency or court; complaints or citations under the Occupational Safety and Health Act or any state or local occupational safety act or regulation; employee grievances, unfair labor practice charges, complaints with the National Labor Relations Board; or other claims, charges, actions or controversies pending, or threatened or proposed, involving any MSA Group Company and any employee, former employee or any labor union or other organization representing or claiming to represent such employees' interests. Except as set forth in Section 4.18 of the MSA Disclosure Schedule, with respect to employees of any MSA Group Company: (i) no MSA Group Company is a party to a collective bargaining agreement covering any such employees; (ii) the employment of the MSA Group Companies' employees is terminable at will without cost to the MSA Group Companies, except for payment of accrued salaries or wages and vacation pay; and (iii) the MSA Group Companies have made no other additional commitments respecting employment or compensation of any of their employees. The MSA Group Companies are and have heretofore been in compliance in all material respects with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, the sponsorship, maintenance, administration and operation of (or the participation of its employees in) employee benefit plans and arrangements and occupational safety and health programs, and the MSA Group Companies are not engaged in any violation of any applicable Law related to employment, including unfair labor practices or acts of employment discrimination.

4.19 Employee Benefit Plans.

4.19.1 Section 4.19.1 of the MSA Disclosure Schedule sets forth a true and complete list of each employee benefit plan, as defined in Section 3(3) of ERISA (collectively, the "ERISA Plans") and each other plan, arrangement and agreement providing employee benefits (collectively, the "MSA Plans"), that covers current or former employees of the MSA Group Companies or ERISA Affiliate thereof and is presently maintained by the MSA Group Companies or any ERISA Affiliate thereof, which together with MSA Holdings would be deemed a "single employer" within the meaning of Section 4001 of ERISA. None of the MSA Plans is a "multiemployer plan," as defined in Section 3(37) of ERISA. MSA Holdings has delivered or made available to MSA Holdings copies of all MSA Plans; any related trust agreements, group annuity contracts, insurance policies or other funding agreements or arrangements relating thereto; the most recent determination letter, if any, from the Internal Revenue Service with respect to each of the MSA Plans that is intended to be a tax-qualified plan under Section 401(a) of the Code; actuarial valuations, if applicable, for the most recent plan year for which such valuations are available; the current summary plan descriptions; and the annual return/report on Form 5500 and summary annual reports for each of the MSA Plans for each of the last three (3) years.

4.19.2 Each of the ERISA Plans is in substantial compliance with all applicable Laws, including the Code and ERISA. Except as set forth in Section 4.19.2 of the MSA Disclosure Schedule, neither MSA Holdings nor any ERISA Affiliate currently maintains or sponsors a defined benefit pension plan, as defined in Section 414(j) of the Code, and neither

MSA Holdings nor any ERISA Affiliate has ever maintained or sponsored any such plan that could give rise to a liability against any MSA Group Company.

4.19.3 The written terms of each of the MSA Plans, and any related trust agreement, group annuity contract, insurance policy or other funding arrangement are in compliance in all material respects with all applicable Laws including ERISA, the Code, and the Age Discrimination in Employment Act, as applicable, and each of such MSA Plans has been administered in compliance in all material respects with such requirements.

4.19.4 Except with respect to income Taxes on benefits paid or provided: (i) no income, excise or other Tax or penalty (federal or state) has been waived or excused, has been paid or is owed by any Person (including any MSA Plan, any MSA Plan fiduciary, MSA Holdings or ERISA Affiliate) with respect to the operations of or any transactions with respect to any MSA Plan; and (ii) no action has been taken, nor has there been any failure to take any action, nor is any action or failure to take action contemplated, that would subject any Person or entity to any liability for any Tax or penalty in connection with any MSA Plan. No reserve for any Taxes or penalties has been established with respect to any MSA Plan, nor has any advice been given to any Person with respect to the need to establish such a reserve.

4.19.5 There are no: (i) actions, suits, arbitrations or claims (other than routine claims for benefits); (ii) legal, administrative or other proceedings or Governmental Entity investigations or audits; or (iii) complaints to or by any Governmental Entity, which are pending, anticipated or threatened, against the MSA Plans or their assets.

4.19.6 The present value of the future cost to MSA Holdings and ERISA Affiliates of post-retirement medical benefits that MSA Holdings or any ERISA Affiliate is obligated to provide, calculated on the basis of actuarial assumptions MSA Holdings considers reasonable estimates of future experience and which have been provided to MSA Holdings, does not exceed the amount specified in Section 4.19.6 of the MSA Disclosure Schedule.

4.19.7 Neither MSA Holdings nor any ERISA Affiliate, nor any of the ERISA Plans, nor any trust created thereunder, nor any trustee or administrator thereof has engaged in a transaction in connection with which MSA Holdings or any ERISA Affiliate, any of the ERISA Plans, any such trust, or any trustee or administrator thereof, or any party dealing with the ERISA Plans or any such trust could be subject to either a civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a Tax imposed pursuant to Section 4975 or 4976 of the Code.

4.20 Reserves and Reinsurance. Except as set forth in Section 4.20 of the MSA Disclosure Schedule, the insurance reserves and liabilities reflected in the MSA Latest Balance Sheet and in the MSA Statutory Financial Statements for the MSA Group Insurance Companies in respect of all future insurance policy benefits, dividends, losses, unearned premiums, claims and expenses make sufficient provision for all reasonably anticipated matured and unmatured liabilities and obligations of the MSA Group Insurance Companies under all insurance policies and reinsurance and coinsurance agreements or other similar contracts outstanding at the foregoing dates pursuant to which the MSA Group Insurance Companies had or has any liability or obligation. All such insurance reserves and liabilities are computed in all material respects in

accordance with SAP and generally accepted actuarial loss reserving practices and assumptions, consistently applied, are fairly stated in accordance with sound reserving and actuarial principles, are based on factors and assumptions relevant to the provisions in the related insurance policies and reinsurance and coinsurance agreements, and are in material compliance with the applicable requirements of applicable Law. Except as set forth in Section 4.20 of the MSA Disclosure Schedule, neither no MSA Group Company is involved in any dispute with or inquiry initiated by its outside accountants or actuaries, or the OCI or any other Governmental Entity, with respect to the MSA Group Insurance Companies' actuarial or reserving practices. The MSA Group Insurance Companies own assets that qualify as admitted assets under applicable state insurance laws in an amount at least equal to all of its required insurance reserves. All reinsurance recoverables reflected or otherwise included, either as assets or contra-liabilities, in the MSA Statutory Financial Statements are fairly stated in accordance with SAP, except as set forth therein, and to the Knowledge of MSA Holdings, none are more than sixty (60) days past due or not fully collectible in due course.

4.21 Insurance Business.

4.21.1 Business. MSA Holdings conducts its insurance operations through the MSA Group Insurance Companies. Section 4.21.1 of the MSA Disclosure Schedule sets forth, as of the date hereof, a true and correct list of each jurisdiction in which each of the MSA Group Insurance Company is licensed or authorized to do business as an insurance company. Except as set forth in Section 4.21.1 of the MSA Disclosure Schedule, none of the MSA Group Insurance Company is "commercially domiciled" under the Laws of any jurisdiction or is otherwise treated as domiciled in a jurisdiction other than its respective jurisdiction of organization. Each MSA Group Insurance Company that has redomesticated since January 1, 2015 and prior to the Closing has done so in accordance with all applicable state Law and such redomestication is effective and valid.

4.21.2 Insurance Benefit Contracts and Rates. Except as set forth in Section 4.21.2 of the MSA Disclosure Schedule, all insurance policies issued by the MSA Group Insurance Companies as now in force are, to the extent required under applicable Law, on forms approved by applicable insurance Governmental Entities or that have been filed and not objected to by such Governmental Entities within the period provided for objection. Any premium rates charged by the MSA Group Insurance Companies and required to be filed with or approved by insurance Governmental Entities have been so filed or approved and all premiums charged conform thereto.

4.21.3 Assessments. Each MSA Group Insurance Company has paid in full or properly reserved for all guaranty fund and residual market assessments required by any Governmental Entity to be paid by such MSA Group Insurance Company.

4.22 Regulatory Filings. Since January 1, 2015, each MSA Group Insurance Company has filed all agreements, reports, statements, documents, registrations, filings and submissions required to be filed by such MSA Group Insurance Company with any state insurance regulatory authority except to the extent that the failure to file would not, individually or in the aggregate, have or be reasonably expected to have, individually or in the aggregate, a MSA Material

Adverse Effect, and no material deficiencies have been asserted by any such regulatory authority with respect to same. MSA Holdings has made available for inspection by AFI MHC: (i) any reports of examination (including financial, market conduct and similar examinations) of the MSA Group Insurance Companies issued by any insurance regulatory authority, in any case, since January 1, 2015; and (ii) all filings or submissions made since January 1, 2015 to the date hereof by any MSA Group Insurance Company with any insurance regulatory authority pursuant to the insurance holding company Laws of applicable states. Except as set forth in Section 4.22 of the MSA Disclosure Schedule, all material deficiencies or violations noted in the examination reports described in clause (i) above have been resolved to the reasonable satisfaction of the insurance regulatory authority that noted such deficiencies or violations.

4.23 Finders and Investment Bankers. No MSA Group Company has retained any broker, finder or other agent or incurred any liability for any brokerage fees, commissions or finders' fees with respect to the Merger, except that MSA Holdings has retained the services of Keefe, Bruyette & Woods, Inc. for strategic assistance and counsel in connection with consideration and evaluation of the transaction and for issuance of a fairness opinion, pursuant to an engagement agreement which has been made available to AFI MHC.

4.24 Capital or Surplus Maintenance. No MSA Group Company is subject to any requirement to maintain capital or surplus amounts or levels, or subject to any restriction on the payment of dividends or other distributions, except for requirements or restrictions under applicable Laws of general application or rating requirements of A.M. Best or other insurance company rating agency.

4.25 Operations Insurance. MSA Holdings has made available to AFI MHC copies of all liability, property, workers' compensation, directors and officers liability, and other similar insurance contracts that insure the business or properties of the MSA Group Companies or affect or relate to the ownership, use, or operations of any assets of the MSA Group Companies and that have been issued to a MSA Group Company. All such insurance contracts are in full force and effect and are with financially sound and reputable insurers, and all premiums due and payable thereon have in all material respects been paid in full on a timely basis. All notices of material reportable incidents with respect to such insurance occurring during the last five (5) years have been given in writing to appropriate carriers on a basis sufficiently timely to preserve the right of recovery of such insurance, and a copy of all such notices has been made available to AFI MHC. No party to any such insurance contract has, to the Knowledge of MSA Holdings, stated an intent or threatened to terminate or materially increase the premium in respect of any such insurance contract.

4.26 Fees and Commissions. Except as set forth in Section 4.26 of the MSA Disclosure Schedule, no director or officer of any MSA Group Company has received, or shall receive, any fees, commission or other compensation, directly or indirectly, for in any manner aiding, promoting or assisting in the Merger except for normal and routine compensation and employee benefits regularly paid to any director or officer for their services in attending to the conduct of the business of their employer.

4.27 Company Systems.

4.27.1 Adequacy. The MSA Company Systems have processing and storage capacity that is sufficient in all material respects for the operation of the MSA Group Companies' business, in each case as such MSA Company Systems are currently used and as such business is currently conducted. To the Knowledge of MSA Holdings, none of the MSA Company Systems fails to receive input of, recognize, store, retrieve, process, or generate output of, dates and date-related data in a manner that would result in an error, ambiguity, interruption, or malfunction, except to the extent such error, ambiguity, interruption, or malfunction would not have a MSA Material Adverse Effect.

4.27.2 Rights to Use. The use of the MSA Company Systems by the MSA Group Companies as currently conducted does not materially violate or breach, or commit any material default under, any MSA Material Contract applicable to such MSA Company Systems and to which any MSA Group Company is a party (including, but not limited to, any material royalty or payment terms of such MSA Material Contract).

4.27.3 Disaster Recovery. With respect to the MSA Company Systems MSA Holdings reasonably believes that the MSA Group Companies have an adequate disaster recovery plan in place.

4.27.4 Availability. With respect to the MSA Company Systems and except as set forth on Section 4.27.4 of the MSA Disclosure Schedule: (i) in the prior eighteen (18) months, there have been no material failures or breakdowns or continued substandard performance of the MSA Company Systems (as a whole) which have caused any substantial disruption or interruption in or use of the MSA Company Systems (as a whole); (ii) in the prior eighteen (18) months, there has not been any material malfunction that has not been remedied or replaced in all material respects, or any unplanned downtime or service interruption; and (iii) in the prior eighteen (18) months, no third party providing services to the MSA Group Companies with respect to the MSA Company Systems has failed to meet any material service obligations.

4.27.5 Security. The MSA Group Companies have used commercially reasonable methods to design, engineer, install, and within the past eighteen (18) months, to operate and maintain (including by installing generally available updates and security patches) the MSA Company Systems so as to help prevent unauthorized use or access in a manner that could compromise the use of the MSA Company Systems and help ensure that the MSA Company Systems do not contain any malicious or surreptitious code or device, such as a virus, worm, time or logic bomb, disabling device, Trojan horse or other malicious or surreptitious code. In the prior eighteen (18) months, there has been no material unauthorized access or use which has caused any substantial disruption or interruption in or use of the MSA Company Systems (as a whole).

4.28 Privacy; Privacy Policies.

4.28.1 The MSA Group Companies operate pursuant to written privacy policies (the "MSA Privacy Policies") regarding, among other things, the collection, use, storage, or

disclosure of information, including personally identifiable information, collected from their customers (“MSA Customer Information”) by any MSA Group Company or its agents. For the past seven (7) years, the MSA Group Companies have provided materially accurate notice of the MSA Privacy Policies to its policyholders. To the Knowledge of AFI MHC, it does not have any contractual obligations to disclose personally identifiable information to third parties in a way that violates the MSA Privacy Policies. The MSA Privacy Policies and the actions thereunder are in material compliance with all applicable Laws and industry standards and practice, including all applicable HIPAA and GLB requirements. MSA Holdings has delivered true, accurate, and complete copies of the MSA Privacy Policies to AFI MHC.

4.28.2 The MSA Privacy Policies apply to all customers of the MSA Group Companies as required by applicable Law, and no other privacy policies regarding the collection and use of MSA Customer Information have been adopted or used by the MSA Group Companies. The MSA Group Companies are in material compliance with the MSA Privacy Policies, and, to the Knowledge of MSA Holdings, do not use MSA Customer Information in an unlawful manner or in a manner that violates the privacy rights of their customers, including their customers’ rights under HIPAA and GLB, except as would not, individually or in the aggregate, reasonably be expected to have a MSA Material Adverse Effect. The MSA Group Companies have adequate security measures in place to protect MSA Customer Information from illegal access to and use by third parties or use by third parties in a manner that violates the privacy rights of their customers and other Persons.

4.28.3 Each MSA Group Company has complied in all material respects with its obligations to third persons under the MSA Privacy Policies and all applicable Law relating to: (i) the privacy of users of the MSA Products and all of the MSA Group Company’s websites; and (ii) the collection, use, storage and disclosure of any personally identifiable information collected by any MSA Group Company, and, to the Knowledge of MSA Holdings, by third parties acting on any MSA Group Company’s behalf or having authorized access to any MSA Group Company’s records. With respect to all personal or user information, including, without limitation, MSA Customer Information, collected by any MSA Group Company, the MSA Group Companies have each at all times taken commercially reasonable steps necessary (including, without limitation, implementing and monitoring compliance with reasonable measures with respect to technical, organizational, administrative, and physical security) to protect such information against loss and against unauthorized access, use, modification, disclosure or other misuse. To the Knowledge of MSA Holdings, there has been no unauthorized access to or other misuse of that information.

4.28.4 No claims for damages are pending or, to the Knowledge of MSA Holdings, threatened in writing against any MSA Group Company by any Person alleging a violation of any Person’s privacy, personal or confidentiality rights under MSA Privacy Policies.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF AFI MHC

AFI MHC represents and warrants to MSA Holdings as follows:

5.1 Organization. AFI MHC is a mutual insurance holding company duly organized, validly existing, and in good standing under the applicable Laws of the State of Wisconsin and has the corporate power and authority and all authorizations, licenses, and permits necessary to own and operate its properties and to carry on its businesses as now conducted, except where the failure to hold such authorizations, licenses, and permits would not have an AFI Material Adverse Effect. AFI MHC is qualified to do business in every jurisdiction in which its ownership of property or the conduct of business as now conducted requires it to qualify, except where the failure to be so qualified would not have an AFI Material Adverse Effect.

5.2 Subsidiaries. Section 5.2 of the AFI Disclosure Schedule sets forth a true and complete list of all of AFI MHC's direct or indirect Subsidiaries (hereinafter separately called an "AFI Subsidiary" and collectively called the "AFI Subsidiaries"), including its name, place of incorporation or formation and, if not wholly owned directly or indirectly by AFI MHC, the record ownership as of the date of this Agreement of all capital stock or other equity interests issued thereby. All of the outstanding shares of capital stock of each of the AFI Subsidiaries have been validly issued and are fully paid and nonassessable. Each of the AFI Subsidiaries is duly organized, validly existing and in good standing under the applicable Laws of the jurisdiction of its incorporation or organization, as applicable, and has all requisite corporate, or other legal entity, as the case may be, power and authority and all authorizations, licenses and permits necessary to own and operate its properties and to carry on its businesses as now conducted and is qualified to do business in every jurisdiction in which its ownership of property or the conduct of its businesses as now conducted requires it to qualify, except in each such case where the failure to hold such authorizations, licenses and permits or to be so qualified would not have an AFI Material Adverse Effect. Each of the AFI Subsidiaries is duly qualified or otherwise authorized to transact business as a foreign entity and is in good standing in every jurisdiction in which such qualification or authorization is required by applicable Law to carry on its business as now being conducted, except where the failure to be so qualified would not individually or in the aggregate have an AFI Material Adverse Effect.

5.3 Authorization; No Conflict.

5.3.1 The execution, delivery, and performance of this Agreement by AFI MHC and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of AFI MHC, and subject to obtaining the AFI MHC Member Approval, no other corporate proceedings on its part are necessary to authorize the execution and performance of this Agreement. Assuming this Agreement is a valid and binding obligation of MSA Holdings, this Agreement has been duly executed and delivered by AFI MHC and constitutes the valid and legally binding obligation of AFI MHC, enforceable against it in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or similar Laws affecting or relating to creditors' rights generally and general principles of equity.

5.3.2 Except for: (i) the filing of the Articles of Merger with the Wisconsin Commissioner; (ii) the AFI MHC Member Approval; (iii) compliance with and filings under the HSR Act; (iv) the AFI Governmental Approvals; and (v) the consents, waivers, authorizations or approvals set forth in Section 5.3.2 of the AFI Disclosure Schedule, the execution, delivery,

performance and compliance with the terms and conditions of this Agreement by AFI MHC and the consummation of the transactions contemplated hereby and thereby do not and shall not: (A) violate, conflict with, result in any breach of or constitute a violation or default, or give rise to a right of termination under any of the provisions of the articles of incorporation or bylaws (or equivalent organizational documents) of any AFI Group Company; (B) except as set forth in Section 5.3.2 of the AFI Disclosure Schedule, violate, result in a breach of, constitute a violation or default, or give rise to a right of termination under any AFI Material Contract; (C) violate any Law to which any of the AFI Group Companies is subject; (D) violate any judicial, administrative or arbitral Order, writ, award, judgment, injunction or decree involving any AFI Group Company; or (E) result in the creation of any Lien upon any of the assets of any AFI Group Company, except where the failure of any of the representations and warranties contained in clauses (B), (C), (D), or (E) above to be true would not have an AFI Material Adverse Effect.

5.4 Governmental Approvals. Except for the applicable requirements of the HSR Act and the consents, waivers, approvals, authorizations, permits, filings, or notifications listed in Section 5.4 of the AFI Disclosure Schedule (collectively, the “AFI Governmental Approvals”), no filing with or notice to, and no permit, authorization, consent or approval of any Governmental Entity is necessary for the consummation by AFI MHC of the transactions contemplated by this Agreement, except for such consents, approvals, filings, permits or authorizations the failure of which to obtain, make or give, as the case may be, would not, individually or in the aggregate, be reasonably likely to have an AFI Material Adverse Effect.

5.5 Financial Statements.

5.5.1 Statutory Financial Statements. AFI MHC has previously made available to MSA Holdings copies of the audited statutory annual statements for the fiscal years ended December 31, 2017, 2016, and 2015 and the unaudited statutory quarterly statements for the three (3) month period ended March 31, 2018 for each of the AFI Insurance Company Subsidiaries as filed with the insurance regulator in their respective states of domicile (collectively, the “AFI Statutory Financial Statements”). The AFI Statutory Financial Statements, including the provisions made therein for investments and the valuation thereof, reserves, policy and contract claims, together with the notes thereto, fairly present in all material respects (and, as to any AFI statutory financial statements not filed as of the date hereof, will fairly present in all material respects) the financial position, assets, liabilities, change in financial position, surplus and other funds, and results of operations of each such AFI Insurance Company Subsidiary as of the times and for the periods referred to therein in conformity with SAP, except as set forth therein. Each such AFI Statutory Financial Statement was (and, as to any AFI statutory financial statements not filed as of the date hereof, will be) in compliance with applicable Law and correct in every material respect when filed and there were no material omissions therefrom.

5.6 Absence of Certain Changes. Since January 1, 2018, there has been no event or condition that has had (or is reasonably likely to result in) an AFI Material Adverse Effect, and except as set forth in Section 5.6 of the AFI Disclosure Schedule, the AFI Group Companies have conducted their businesses in the Ordinary Course of Business.

5.7 No Undisclosed Liabilities. No AFI Group Company has any liabilities or obligations (whether absolute or contingent and whether due or to become due) of a nature that would be required to be disclosed on a balance sheet prepared in accordance with SAP, in each case except for: (i) liabilities and obligations reported, disclosed, accrued or specifically reserved against in the AFI Statutory Financial Statements; (ii) contractual liabilities arising in the Ordinary Course of Business; (iii) liabilities incurred after the date of this Agreement without violation of Section 6.1 hereof; or (iv) liabilities that, individually or in the aggregate, are not reasonably likely to result in an AFI Material Adverse Effect.

5.8 Internal Controls. The AFI Group Companies have devised and maintain a system of internal accounting controls with respect to the business of the AFI Group Companies sufficient to provide reasonable assurances that: (i) transactions are executed according to the management's general or specific authorization; (ii) transactions are recorded as necessary to permit the preparation of financial statements conforming with SAP, and to maintain accountability for assets; (iii) access to its assets is permitted only in accordance with management's general or specific authorization; and (iv) recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; in each case, except where any such failure to do so would not cause an AFI Material Adverse Effect.

5.9 Real Property; Title to Property.

5.9.1 Section 5.9.1 of the AFI Disclosure Schedule sets forth all of the real property owned by the AFI Group Companies, including the address of such real property, and the identification of any leases or subleases affecting such real property. Each AFI Group Company has good and marketable title to all real properties owned by it and good title to all other assets and properties shown as owned by it on the AFI Latest Balance Sheet or acquired since that date (except properties disposed of in the Ordinary Course of Business subsequent to that date), in each case free of all Liens of any nature whatsoever, other than: (i) Liens for Taxes not yet due and payable, (ii) such minor Liens as, in the aggregate, do not and would not if asserted be reasonably likely to have an AFI Material Adverse Effect, and (iii) the Liens listed in Section 5.9.1 or Section 5.9.2 of the AFI Disclosure Schedule ("Permitted AFI Liens").

5.9.2 Section 5.9.2 of the AFI Disclosure Schedule sets forth all of the real property leased, subleased, licensed, or otherwise occupied by any AFI Group Company, including the address of such real property, the identification of the lease, sublease, license, or occupancy agreement by which any AFI Group Company occupies such real property, and any subleases, sublicenses, or sub agreements affecting such real property (each an "AFI Real Property Lease," and collectively, the "AFI Real Property Leases"). To the Knowledge of AFI MHC, an AFI Group Company holds a valid and existing leasehold interest under each AFI Real Property Lease, subject to proper authorization and execution of such lease by the other party and the application of any bankruptcy or creditor's rights Laws, and subject to Permitted AFI Liens. No AFI Group Company has entered into or exercised any option to purchase, lease, sublease, license, or occupancy agreement, or allowed any other party to lease, sublease, license, occupy or enter into an option to purchase or agreement for the purchase and sale of, any real property except as disclosed in Section 5.9.1 or Section 5.9.2 of the AFI Disclosure Schedule.

Each AFI Group Company has the right to use the real property owned or leased by it for all purposes for which they are currently used, and each AFI Group Company is using the real property owned or leased by it in compliance with all applicable Laws.

5.10 Investment Securities. All Investments owned by any AFI Group Company since December 31, 2015 have complied with the written investment policies of such AFI Group Company and applicable Law. Except as set forth in Section 5.10 of the AFI Disclosure Schedule, AFI MHC and each of the AFI Subsidiaries has good title to its Investments other than with respect to those Investments that have been disposed of in the Ordinary Course of Business or redeemed in accordance with their terms since such date and other than Permitted AFI Liens or with respect to statutory deposits that are subject to customary restrictions on transfer. None of the Investments owned by any AFI Group Company, to the Knowledge of AFI MHC, are as of the date of this Agreement in default in the payment of principal or interest, except for any such defaults that individually, or collectively, would not be reasonably likely to have an AFI Material Adverse Effect. Except as set forth in Section 5.10 of the AFI Disclosure Schedule, there are no Liens on any Investments owned by any AFI Group Company, other than Permitted AFI Liens, and none of the Investments owned by the AFI Group Companies consists of securities loaned to third parties.

5.11 Environmental. Except as set forth in Section 5.11 of the AFI Disclosure Schedule, each AFI Group Company has conducted and is conducting its business in compliance in all material respects with all Environmental Laws. Except as set forth in Section 5.11 of the AFI Disclosure Schedule, there is no pending, or to the Knowledge of AFI MHC, threatened, civil or criminal litigation, written notice of violation, or administrative proceeding relating to such Environmental Laws involving any AFI Group Company or any previously or presently owned property or asset of AFI Group Company. To the Knowledge of AFI MHC, there are no conditions existing with respect to the release, emission, discharge, or presence of hazardous substances in connection with the business of AFI Group Company, which conditions would, individually or in the aggregate, be reasonably likely to have an AFI Material Adverse Effect. Neither AFI MHC nor any of the AFI Subsidiaries require any approvals, consents, licenses, or permits with respect to environmental matters to carry on their business substantially as currently conducted.

5.12 Intellectual Property.

5.12.1 Title to Intellectual Property. The AFI Group Companies own or have a valid and effective right under license to use all Intellectual Property necessary for the conduct of the business of the AFI Group Companies as currently conducted free and clear of all title defects, claims or Liens, other than Permitted AFI Liens. To the Knowledge of AFI MHC, the rights of the AFI Group Companies in and to such Intellectual Property are sufficient for the conduct of the business of the AFI Group Companies as currently conducted.

5.12.2 Registrations. All trademark registrations and pending trademark applications, domain names, copyright registrations, patent and pending patent applications, and similar registrations in any jurisdiction included among the AFI Intellectual Property owned by the AFI Group Companies are valid, subsisting, and in full force and effect as of the date hereof

(provided, however, that any pending applications are subject to the uncertainty and risks ordinarily associated with prosecution, and may incur rejections or other office actions affecting their registration or issuance, or the scope of any registered or issued property that results therefrom) and all maintenance, renewal, registration or other fees that are required by any Governmental Entity in relation to the maintenance or renewal of any registrations or pending applications for AFI Intellectual Property owned by the AFI Group Companies and have a non-extendable due date falling prior to the Closing Date have been paid in full, and such fees have been paid or extensions have been requested for any such pending applications or registrations that have extendable due dates falling prior to the Closing Date. All rights in any AFI Intellectual Property owned by the AFI Group Companies has been assigned by express agreement to an AFI Group Company, or such AFI Intellectual Property has been prepared by AFI Group Company employees in the ordinary course of their employment and as such constitutes a work made for hire.

5.12.3 Absence of Claims. The use by the AFI Group Companies of AFI Intellectual Property does not materially infringe, misappropriate, or violate any Third-Party Intellectual Property. No AFI Group Company is engaged in, a party to, or, to the Knowledge of AFI MHC, threatened with, any claim, controversy, legal or equitable action, or other proceeding (whether as plaintiff, defendant, or otherwise, and regardless of the forum or the nature of the opposing party) asserting material infringement, misappropriation or any other violation of any Third-Party Intellectual Property. No AFI Group Company has received any written legal or expert opinion that any of its products and services, the AFI Intellectual Property, or the operation of its business, as previously or currently conducted, materially infringes, misappropriates, or otherwise violates any Third Party Intellectual Property rights.

5.12.4 Absence of Infringement; Unauthorized Use. To the Knowledge of AFI MHC, there has been no material unauthorized use, unauthorized disclosure, infringement, or misappropriation of any AFI Intellectual Property owned by the AFI Group Companies by any third party, including any employee or former employee of the AFI Group Companies. No AFI Group Company has brought in the past five (5) years, and there are no pending, actions, suits, or proceedings by the AFI Group Companies for infringement or misappropriation of, or for breach of any contractual obligation concerning, any AFI Intellectual Property owned by the AFI Group Companies.

5.13 Agreements.

5.13.1 Subject to Section 5.13.2, except as set forth in Section 5.13.1 of the AFI Disclosure Schedule and, no AFI Group Company is a party to, or bound by, any oral or written (each, an “AFI Material Contract” and collectively, the “AFI Material Contracts”):

- (i) employment agreement or agreement to make payments to any employee;
- (ii) stock ownership, profit-sharing, bonus, deferred compensation, stock option, severance pay, pension, retirement or similar plan or agreement;

