

## **Appendix 1**

### **Stock Purchase Agreement**

**Schedule 9.04 of this appendix is filed subject to a request for CONFIDENTIAL treatment and an exception under the public records law. See the February 4, 2016 letter from William J. Toman of Quarles & Brady LLP to Kristin Forsberg of the Office of the Commissioner of Insurance.**

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**STOCK PURCHASE AGREEMENT**  
**AMONG**  
**ARMCO INSURANCE GROUP, INC.**  
**AND**  
**SOBC GAMMA HOLDING COMPANY LIMITED,**  
**AND**  
**NORTHWESTERN NATIONAL INSURANCE COMPANY**  
**OF MILWAUKEE, WISCONSIN**  
**(solely with respect to Sections 6.02, 12.03 and 12.07 of this Agreement)**

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**STOCK PURCHASE AGREEMENT**

THIS STOCK PURCHASE AGREEMENT (the “Agreement”), dated the 13<sup>th</sup> day of January, 2016, is entered into by and among Armco Insurance Group, Inc., a Delaware stock corporation (“Seller”), on the one hand, and SOBC Gamma Holding Company Limited, a Connecticut stock corporation (“Purchaser”), and solely with respect to Sections 6.02, 12.03 and 12.07 of this Agreement, Northwestern National Insurance Company of Milwaukee, Wisconsin, a Wisconsin stock insurance company (“NNIC”), on the other hand. The Seller, Purchaser, and solely with respect to Sections 6.02, 12.03 and 12.07 of this Agreement, NNIC, shall be referred to herein from time to time individually as a “Party” and collectively as the “Parties.”

**WITNESSETH:**

WHEREAS, NNIC is a wholly-owned subsidiary of Seller and Seller owns one hundred percent (100%) of the issued and outstanding shares of capital stock of NNIC as delineated and set forth in Schedule 1.01 of this Agreement (the “Shares”); and

WHEREAS, Compass Insurance Company, a New York stock insurance company (“CIC”), is a wholly-owned subsidiary of NNIC and NNIC owns one hundred percent (100%) of the issued and outstanding shares of capital stock of CIC as delineated and set forth in Schedule 1.01 of this Agreement (the “CIC Shares”); and

WHEREAS, Seller wishes to sell the Shares directly to Purchaser, and Purchaser wishes to acquire the Shares directly from Seller, in each case subject to the terms and conditions set forth in this Agreement; and

WHEREAS, Seller and Purchaser acknowledge and intend that Purchaser, through its acquisition of the Shares, will thereby acquire indirect ownership of the CIC Shares as a result of Purchaser’s direct ownership of the Shares;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

**DEFINITIONS TABLE**

Affiliate Agreements Agreement	Section 4.08
Banking Representative	Introductory paragraph
CIC	Section 9.04
CIC Shares	Second WHEREAS clause
Closing	Second WHEREAS clause
Closing Date	Section 9.01(a)
DFS	Section 9.01(a)
Equipment	Section 2.01
	Section 6.02

Equipment Bill of Sale	Section 6.02
Global Commutation	Schedule 2.01
Highlands	Schedule 2.01
Highlands Settlement Agreement	Schedule 2.01
Indemnitee	Section 9.06(d)
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Indemnity Cap	Section 9.06(c)
Losses	Section 9.06(a)
NNIC	Introductory paragraph
NNIC Sublease	Section 6.01
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Office Space	Section 6.01
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Party	Introductory paragraph
Post-Closing Period	Section 9.04
Post-Retirement Obligations Transfer and Intellectual Property Assignment	Section 4.03
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Purchase Price	Section 1.02
Purchaser	Introductory paragraph
Purchaser Approvals	Section 5.01
Purchaser Indemnified Parties	Section 9.06(a)
Purchaser Indemnified Party	Section 9.06(a)
Purchaser's Representatives	Section 4.07
Rehab and Supervision	Schedule 2.01
Rehabilitation Plan	Schedule 2.01
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SAP	Section 2.01
Segregated Account	Schedule 2.01
Seller	Introductory paragraph
Seller Indemnified Parties	Section 9.06(b)
Seller Indemnified Party	Section 9.06(b)
Shares	First WHEREAS clause
Statutory Statements	Section 2.01
Subject Accounts	Section 9.04
Tail Insurance Coverage	Section 4.05
Third-Party Claim	Section 9.06(d)
Unadjusted Trial Balance	Section 6.06(a)

**OTHER DEFINITIONS**

Definitions. For purposes hereof, the following terms when used herein shall have the respective meanings set forth below:

“Affiliate” of any particular Person shall mean any other Person controlling, controlled by or under common control with such particular Person, where “control” means the possession,

directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

“Business Day” shall mean a day which is neither a Saturday or Sunday, nor any other day on which banking institutions in New York, New York are authorized or obligated by Law to close.

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

“Governmental Entity” shall mean any federal, national, state, foreign, provincial, local or other government or any governmental, regulatory, administrative or self-regulatory authority, agency, bureau, board, commission, court, judicial or arbitral body, department, political subdivision, tribunal or other instrumentality thereof.

“Knowledge” of any Party shall mean the actual knowledge of senior management of the Party at issue, after making inquiry of the Person or Persons having primary responsibility for the subject matter of the applicable representation or warranty

“Law” shall mean any law, common law, rule, regulation, judgment, injunction, order, decree, requirement, ordinance, directive or other restriction of any Governmental Entity.

“Order” shall mean any settlement, stipulation, order, writ, judgment, injunction, decree, ruling, determination or award of any court or of any Governmental Entity.

“Person” shall mean an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Entity or any department, agency or political subdivision thereof.

“Tax Returns” shall mean any return, report, information return or other document (including schedules or any related or supporting information) filed or required to be filed with any Governmental Entity or other authority in connection with the determination, assessment or collection of any Tax or the administration of any Laws or administrative requirements relating to any Tax.

“Tax” or “Taxes” shall mean any federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, real property gains, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, profits, environmental, customs, duties, real property, special assessment, personal property, capital stock, social security, employment, unemployment, disability, payroll, license, employee or other withholding, or other tax, of any kind whatsoever, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing, whether disputed or not.

**ARTICLE 1**  
**TERMS OF PURCHASE OF THE SHARES**

1.01 SHARES.

Upon and subject to the terms and conditions of this Agreement, Seller shall sell and transfer to Purchaser, and Purchaser shall purchase and accept from Seller, the Shares.

1.02 PURCHASE PRICE.

The price to be paid by Purchaser for the Shares shall be One and 00/100 United States Dollar (US\$1.00) (the "Purchase Price"), to be paid at Closing, the date of which shall be determined pursuant to the terms of Article 9.

**ARTICLE 2**  
**REPRESENTATIONS AND WARRANTIES OF SELLER**

Except as set forth in corresponding sections or subsections of the Schedules attached hereto, Seller represents and warrants to Purchaser as follows:

2.01 STATUTORY FINANCIAL STATEMENTS.

Seller has made available to Purchaser copies of the following, in each case together with the exhibits, schedules and notes thereto and any affirmations and certifications filed therewith: (i) the "yellow book" annual statements of NNIC and CIC as of and for the year ended December 31, 2014, in each case as filed with the Wisconsin Office of the Commissioner of Insurance ("OCI") and the New York Department of Financial Services ("DFS"), respectively; (ii) the audited annual statutory financial statement of NNIC as of and for the year ended December 31, 2014, as filed with OCI; (iii) the unaudited quarterly statutory financial statement of NNIC for the quarterly period ended September 30, 2015, as filed with OCI; (iv) the audited annual statutory financial statement of CIC as of and for the year ended December 31, 2014, as filed with DFS; and (v) the unaudited quarterly statutory financial statement of CIC for the quarterly period ended September 30, 2015, as filed with DFS (collectively, the "Statutory Statements"). To the Knowledge of Seller, and except as set forth in Schedule 2.01 of this Agreement or as disclosed in the notes to the Statutory Statements, and except for the use of any material accounting practices permitted or prescribed by OCI and/or DFS, the Statutory Statements were prepared in all material respects in conformity with applicable statutory accounting principles ("SAP") in effect at the respective dates thereof.

2.02 ORGANIZATION AND STANDING OF SELLER; AUTHORITY AND COMPLIANCE.

(a) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Seller has all requisite corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will have been duly and validly authorized by all necessary action on the part of Seller, and this Agreement will constitute a valid

and binding obligation of Seller, enforceable in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium and similar Laws affecting the rights of creditors generally and equitable principles limiting the right to obtain specific performance or similar equitable relief.

(b) Except as set forth on Schedule 2.02(b) hereto, the consummation by Seller of the transactions hereby contemplated, including the execution, delivery and performance of this Agreement, and the purchase of the Shares, does not require any filing by Seller with, or the consent or approval of, any court or governmental agency or entity, and does not, and will not with the passage of time, the giving of notice or otherwise, result in (i) a material breach of, or constitute a material default under, any provision of its operating agreement or any material mortgage, lease, agreement, contract, note, indenture or other instrument or obligation to which Seller is a party or by which it is bound or (ii) a material violation of any provision of any permit, authorization, license, Law, rule, regulation, ordinance, order, injunction or decree of any jurisdiction applicable to Seller.

### ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF PURCHASER

Except as set forth in corresponding sections or subsections of the Schedules attached hereto, Purchaser represents and warrants to Seller as follows:

#### 3.01 ORGANIZATION AND STANDING OF PURCHASER; AUTHORITY AND COMPLIANCE

(a) Purchaser is a corporation duly organized, validly existing and in good standing under the laws of Connecticut. Purchaser has all requisite corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will have been duly and validly authorized by all necessary action on the part of Purchaser, and this Agreement will constitute a valid and binding obligation of Purchaser, enforceable in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium and similar laws affecting the rights of creditors generally and equitable principles limiting the right to obtain specific performance or similar equitable relief.

(b) Except as set forth on Schedule 3.01(b) hereto, the consummation by Purchaser of the transactions hereby contemplated, including the execution, delivery and performance of this Agreement, and the purchase of the Shares, does not require any filing by Purchaser with, or the consent or approval of, any court or governmental agency or entity, and does not, and will not with the passage of time, the giving of notice or otherwise, result in (i) a material breach of, or constitute a material default under, any provision of its operating agreement or any material mortgage, lease, agreement, contract, note, indenture or other instrument or obligation to which Purchaser is a party or by which it is bound or (ii) a material violation of any provision of any permit, authorization, license, law, rule, regulation, ordinance, order, injunction or decree of any jurisdiction applicable to Purchaser.

3.02 DISCLOSURE.

No representation or warranty by Purchaser herein contains or will contain any untrue statement of a material fact, and no statement, in the context of the paragraph in which it is made, fails to state a material fact necessary in order to make any such statement not misleading in light of the circumstances in which it was made.

3.03 BROKERAGE.

No broker or finder has been retained or engaged by or on behalf of Purchaser in connection with the transaction contemplated by this Agreement.

3.04 PURCHASE OF SHARES AND CIC SHARES FOR INVESTMENT.

Purchaser is acquiring the Shares, including its indirect acquisition of the CIC Shares, solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Purchaser acknowledges that the Shares and the CIC Shares are not registered under the Securities Act of 1933, as amended, or any state securities laws, and that none of the Shares or the CIC Shares may be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended, or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable. Purchaser is able to bear the economic risk of holding the Shares, including the CIC Shares, for an indefinite period (including total loss of its investment), and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment, and is an “accredited investor” as such term is defined in the Securities Act of 1933, as amended.

3.05 LITIGATION.

There is no existing Order, and no civil, criminal or administrative action, suit, demand, claim, hearing, proceeding or investigation pending or, to the Knowledge of the Purchaser, threatened against the Purchaser that, individually or in the aggregate, would prevent or materially delay the ability of the Purchaser to execute and deliver this Agreement or the other documents and instruments to be executed and delivered by the Purchaser pursuant hereto nor the consummation by the Purchaser of the transactions contemplated hereby and thereby.

3.06 INDEPENDENT INVESTIGATION; LIMITATION ON REPRESENTATIONS AND WARRANTIES.

(a) Purchaser has conducted its own independent investigation, review and analysis of the history, business, results of operations, prospects, condition (financial or otherwise) and assets of NNIC and CIC, and acknowledges that it has been provided satisfactory access to the personnel, properties, assets, premises, books and records, and other documents and data of Seller, NNIC and CIC for such purpose. Purchaser has had a reasonable and satisfactory opportunity to ask questions of and receive information and answers from a Person or Persons acting on behalf of Seller concerning the acquisition of the Shares and the CIC Shares and, as the Purchaser may deem necessary, to verify the information, and all such questions have been answered and all such information has been provided to the full satisfaction of the Purchaser.

The Purchaser has relied upon the advice of its own financial, tax and other advisors, counsel and accountants as to the legal, tax, economic, and related matters concerning the acquisition of the Shares and the CIC Shares and the tax ramifications of the transaction and any elections made hereunder.

(b) Purchaser is fully aware, and has conducted its own independent investigation, of (i) the financial condition of NNIC and CIC, the administration of their respective business affairs and their respective prospects for the future; (ii) the Restructuring Plan in respect of NNIC's run-off operations, including, without limitation, the establishment of the Segregated Account for the purpose of running off NNIC's direct business in accordance with past practices, as well as the terms, conditions and restrictions of the Restructuring Plan and Segregated Account which are still applicable to NNIC and its operations; (iii) the Rehab and Supervision of NNIC, including, without limitation, the terms, conditions and restrictions contained within various orders or other directives and requirements issued by OCI, and various resolutions adopted by and consents obtained from the NNIC board of directors, in each case in connection with the Rehab and Supervision and which remain applicable to NNIC and its operations; and (iv) the terms and conditions of various settlements or other agreements NNIC entered into with various third-parties and which were referenced in, or otherwise part of, the Restructuring Plan, the Rehabilitation Plan, and/or the record of the Rehab and Supervision proceedings, in each case which remain applicable to NNIC and its operations.

(c) In making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Purchaser has relied solely upon its own investigation and the express representations and warranties of Seller set forth in Article 2 of this Agreement (including the related portions of the Schedules), and none of Seller, NNIC or CIC, or any other Person, has made any representation or warranty as to Seller, NNIC, CIC, or this Agreement, except as expressly set forth in Article 2 of this Agreement (including the related portions of the Schedules). Without limiting the generality of the foregoing, Purchaser hereby acknowledges and agrees that none of Seller or its Affiliates or any other Person acting on their behalf (including any stockholder, officer, director, employee or agent or representative of any of the foregoing, whether in any individual, corporate or other capacity) has made or is making any representation or warranty with respect to (i) any projections, estimates or budgets delivered to or made available to the Purchaser of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of NNIC or CIC or the future business and operations of NNIC or CIC, (ii) the adequacy or sufficiency of the reserves of NNIC or CIC, or (iii) any other information or documents made available to the Purchaser or its counsel, accountants, advisors or other representatives with respect to NNIC or CIC or their respective businesses or operations, except as expressly set forth in Article 2.

**ARTICLE 4**  
**PRE-CLOSING COVENANTS OF SELLER**

4.01 CONDUCT OF THE BUSINESS.

From the date hereof until the earlier of the termination of this Agreement and the Closing Date, except (i) as set forth on Schedule 4.01 of this Agreement, (ii) if Purchaser shall

have consented in writing (which consent shall not be unreasonably withheld, conditioned or delayed) or (iii) as otherwise contemplated by this Agreement, Seller shall cause NNIC and CIC to conduct their respective businesses in the ordinary course of business consistent with past practice and shall use, and shall cause NNIC and CIC to use, their commercially reasonable efforts to preserve intact their present respective business organizations.

4.02 ACCOUNTS, ETC.

Seller agrees to cause NNIC and CIC to take all actions reasonably requested by Purchaser to change the Persons who are authorized as signatories or otherwise for all NNIC and CIC bank accounts, and other financial instruments or vehicles of NNIC and CIC, to Persons designated by Purchaser, effective as of the Closing.

4.03 TRANSFER OF POST-RETIREMENT BENEFITS AND ASSIGNMENT OF INTELLECTUAL PROPERTY.

Seller agrees (i) to cause NNIC to transfer to Seller or one of Seller's Affiliates, prior to the Closing Date, and to cause Seller or one of Seller's Affiliates to assume from NNIC, liability for the post-retirement health, pension, disability and other benefits listed in Schedule 4.03 of this Agreement, as well as assets equal to Six Hundred Four Thousand Three Hundred Seventy-Two and 00/100 US Dollars (US\$604,372.00), and (ii) to assign to NNIC all of Seller's right, title and interest (if any) to the corporate names, logos, seals, and similar intellectual property of NNIC and CIC, in each case subject to receipt of any and all consents, approvals or letters of non-disapproval from state insurance regulators that are applicable to, and/or required for, such a transfer of liabilities and assets (the "Post-Retirement Obligations Transfer and Intellectual Property Assignment").

4.04 TERMINATION OF NNIC EMPLOYEES.

Seller Agrees to cause NNIC to terminate the employment of the individuals listed in Schedule 4.04 of this Agreement, which terminations are to be effective as of the Closing, and Seller further agrees to be responsible for payment of any severance or retention payments that may be due to the listed individuals in connection with the termination of their employment.

4.05 DIRECTOR'S AND OFFICER'S/ERRORS AND OMISSIONS TAIL COVERAGE.

Seller shall obtain or maintain, as of the Closing Date, "tail" insurance coverage for directors' and officers' liability insurance and errors and omissions liability insurance with respect to NNIC and CIC, in each case for a claims period of at least six (6) years from the Closing Date and with materially the same coverage and limits for, and containing terms and conditions that are not materially less advantageous to, NNIC, CIC, or the pre-Closing directors and officers of NNIC and CIC, and also in each case with respect to claims arising out of or relating to wrongful acts which allegedly occurred on or prior to the Closing Date (including in connection with the transactions contemplated by this Agreement) (the "Tail Insurance Coverage").

4.06 EFFORTS TO CONSUMMATE.

Subject to the terms and conditions of this Agreement, from the date hereof until the earlier of the termination of this Agreement and the Closing Date, Seller shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement (including the satisfaction, but not waiver, of the Closing conditions set forth in Articles 7 and 8).

4.07 ACCESS TO BOOKS AND RECORDS.

From the date hereof until the earlier of the termination of this Agreement and the Closing Date, Seller shall provide (and shall cause NNIC and CIC to provide) Purchaser and its authorized representatives (the "Purchaser's Representatives") with reasonable access (which shall include, at no cost, a conference room and Wi-Fi internet access) during normal business hours, and upon reasonable notice, to the offices, properties, senior personnel, and all financial books and records of NNIC and CIC in order for Purchaser to have the reasonable opportunity to (i) make such investigation as it shall reasonably desire in connection with planning for the consummation of the transactions contemplated by this Agreement, and (ii) observe the execution of the year-end accounting and other processes of NNIC and CIC; provided, however, that, in exercising access rights under this Section 4.07, Purchaser and Purchaser's Representatives shall not be permitted to interfere unreasonably with the conduct of the business of Seller, NNIC or CIC, and Seller, NNIC and CIC shall continue to have sole and exclusive authority to operate their respective businesses and make all decisions in respect thereof. Notwithstanding anything herein to the contrary, no such access or examination shall be permitted to the extent that it would require Seller, NNIC or CIC to disclose information subject to attorney-client privilege, attorney work product or other common law or statutory privilege, conflict with any third-party confidentiality obligations to which Seller, NNIC or CIC is bound, or violate any applicable Law, and Purchaser agrees to execute, and cause Purchaser's Representatives to execute, any and all confidentiality agreements reasonably necessary to enable Seller, NNIC and/or CIC to preserve any such privileges or comply with applicable Law or any such third-party confidentiality obligations.

4.08 INTERCOMPANY ACCOUNTS; AFFILIATE AGREEMENTS.

Seller shall cause all accounts receivable or payable (whether or not currently due or payable) under each agreement listed in Schedule 4.08 between NNIC or CIC, on the one hand, and one of their Affiliates, on the other hand (excluding any agreements between NNIC and CIC) (collectively, the "Affiliate Agreements"), to be settled in full (without any premium or penalty) at or prior to the Closing and (b) NNIC's and CIC's participation in all Affiliate Agreements shall be terminated and discharged without any further liability or obligation to or rights of NNIC or CIC thereunder (or any premium or penalty) effective upon the Closing.

**ARTICLE 5**  
**PRE-CLOSING COVENANTS OF PURCHASER**

5.01 PURCHASER APPROVALS AND REGULATORY FILINGS.

The Purchaser shall, no later than ten (10) Business Days following the date of this Agreement, make or cause to be made the filings and submissions with Governmental Entities set forth in Schedule 3.01(b)(1) and 3.01(b)(2) of this Agreement (the “Purchaser Approvals”). In connection with the consummation of the transactions contemplated herein, the Purchaser shall promptly comply with any additional requests for information, including requests for production of documents and production of witnesses for interviews or depositions by any Governmental Entities. The Purchaser shall diligently assist and cooperate with Seller in preparing and filing any and all written communications that are to be submitted to any Governmental Entities in connection with the Purchaser Approvals and the transactions contemplated hereby, and in obtaining any governmental or third-party consents, waivers, authorizations or approvals that may be required to be obtained by NNIC or CIC in connection with the transactions contemplated hereby, which assistance and cooperation shall include: (A) timely furnishing to Seller all information concerning the Purchaser and/or its Affiliates that counsel to Seller reasonably determines is required to be included in such documents or would be helpful in obtaining such required consent, waiver, authorization or approval, (B) promptly providing Seller with copies of all written communications to or from any Governmental Entity relating to the Purchaser Approvals or the transactions contemplated hereby, provided that such copies may be redacted as necessary to address legal privilege or confidentiality concerns or to comply with applicable Law and, provided further, that portions of such copies that are competitively sensitive may be designated as “outside antitrust counsel only,” (C) keeping Seller promptly informed of any communication received or given in connection with the Purchaser Approvals or any proceeding by the Purchaser regarding the transactions contemplated herein, and of any meeting or discussion with any Governmental Entity with respect to the Purchaser Approvals or any filings, applications, investigation, or other inquiry regarding the transactions contemplated herein, and (D) within a reasonable time prior to furnishing any communication to any Governmental Entity, permitting Seller the opportunity to review the communication and incorporate Seller’s reasonable comments in any communication given by Purchaser to any Governmental Entity regarding the Purchaser Approvals or the transactions contemplated hereby. The Purchaser shall be responsible for all filing fees associated with the Purchaser Approvals. In connection with obtaining the Purchaser Approvals, Purchaser will accept terms, conditions, obligations or undertakings, if any, of the type that are customarily imposed by insurance Governmental Entities in connection with similar transactions for purposes of obtaining the requisite regulatory approval, including, without limitation, any such conditions, obligations or undertakings relating to the existing restructuring plan to which NNIC is subject and its continued application to NNIC after the Closing.

5.02 EFFORTS TO CONSUMMATE.

Subject to the terms and conditions of this Agreement, from the date hereof until the earlier of the termination of this Agreement and the Closing Date, Purchaser shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as

promptly as practicable the transactions contemplated by this Agreement (including the satisfaction, but not waiver, of the Closing conditions set forth in Articles 7 and 8).

**ARTICLE 6**  
**ADDITIONAL COVENANTS OF PARTIES**

6.01 SUBLEASE OF NNIC'S CURRENT OFFICE SPACE.

Between the date hereof and up to and including the sixtieth (60<sup>th</sup>) day following the date hereof (unless that period is extended by mutual agreement of the Parties in writing), the Parties shall negotiate in good faith to reach agreement on the terms and conditions of a written sublease by and between NNIC (as sub-tenant) and AFSG Holdings, Inc. (as sub-lessor), pursuant to which, effective from the Closing, NNIC will sublease from AFSG Holdings, Inc. a portion of the office space NNIC currently occupies at 9277 Centre Point Drive, Suite 140, West Chester, Ohio 45069 (the "NNIC Sublease") on terms substantially similar to those in the existing base lease between AFSG Holdings, Inc. and Suburban Cincinnati Office Portfolio, LLC. If the Parties fail to reach agreement on the terms and conditions of an NNIC Sublease on or before the sixtieth (60<sup>th</sup>) day following the date hereof (or on or before the end of any extension of that period mutually agreed between the Parties in writing), then neither NNIC, CIC or Purchaser shall have any right or obligation to lease or occupy, or continue to lease or occupy, any portion of the office space NNIC currently occupies at 9277 Centre Point Drive, Suite 140, West Chester, Ohio 45069 (the "Office Space"), and Purchaser shall cause NNIC and/or CIC to remove any and all files and other materials belonging to NNIC and/or CIC from the Office Space within thirty (30) days following the Closing.

6.02 SALE OR LEASE OF EXISTING OFFICE FURNITURE AND EQUIPMENT.

Between the date hereof and prior to Closing, the Parties shall negotiate in good faith to reach agreement on the terms and conditions of a written bill of sale pursuant to which NNIC will purchase from Seller certain existing office equipment, including, without limitation, personal computers used exclusively for NNIC's operations, printers, photocopiers, software and associated data used in the operations of NNIC, desks and related furnishings, filing cabinets, stationary, and supplies (the "Equipment Bill of Sale"), in each case as specifically set forth and included in a written itemized list of such items to be mutually agreed by the Parties prior to Closing, excluding any artwork (collectively, the "Equipment"); provided, however, that in the event the Parties are not able to reach agreement on an Equipment Bill of Sale, NNIC shall lease the Equipment from Seller in exchange for a monthly lease payment from NNIC to Seller in the amount of Three Thousand Four Hundred Ninety-Four and 00/100 Dollars (\$3,494.00) per month, which amount will be paid by NNIC for the entire term of the NNIC Sublease (including any extensions or renewals thereof); provided, further, that if the consent or approval of any licensor or other Person is required before Seller can sell or lease any particular item of Equipment to NNIC, the sale or lease of that item to NNIC is subject to obtaining such consent or approval and Purchaser shall be solely responsible for the payment of any costs, expenses, or fees incurred in connection with obtaining such consent or approval or obtaining any new license, and in the event such consent or approval is not obtained, the item at issue will not be sold or leased to NNIC by Seller and Purchaser shall make its own arrangements to replace the item at issue, including, but not limited to, software. Notwithstanding anything contained in this

Section 6.02, Seller shall transfer to NNIC prior to the Closing all existing back-up data files, including existing off-site data files, relative to NNIC's operations; provided, however, that Purchaser shall be responsible for securing its own file storage/server for such data files.

6.03 PUBLIC ANNOUNCEMENTS.

Unless otherwise required by applicable Law (based upon the reasonable advice of counsel), no Party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other Party (which consent shall not be unreasonably withheld or delayed), and the Parties shall cooperate as to the timing and contents of any such announcement.

6.04 CERTAIN TAX MATTERS.

(a) Responsibility for Filing Tax Returns.

(i) Seller shall prepare or cause to be prepared, and timely file or cause to be timely filed, all Tax Returns for NNIC and CIC for taxable periods ending on or before the Closing Date (a "Pre Closing Tax Period"). All such Tax Returns shall be prepared in a manner consistent with the past practices of NNIC and CIC, except as otherwise required by applicable Law. Other than with respect to income Tax Returns, Seller shall submit each such Tax Return to Purchaser at least thirty (30) days prior to the due date (taking into account any extensions) and Purchaser shall have the right to review and comment on such Tax Returns and Seller shall reflect such comments from Purchaser on such Tax Returns to the extent such comments are not inconsistent with the standard set forth in the previous sentence. The applicable Party pursuant to applicable Law shall cause all Tax Returns prepared pursuant to this Section 6.04(a)(i) to be timely filed.

(ii) Purchaser shall prepare or cause to be prepared, and timely file or cause to be timely filed, all Tax Returns of NNIC and CIC for taxable periods which begin before the Closing Date and end after the Closing Date. For purposes of Section 6.04, in the case of any Taxes that are imposed on a periodic basis and are payable for a taxable period that includes (but does not end on) the Closing Date, the portion of such Tax which relates to the portion of such taxable period ending on the Closing Date shall (x) in the case of any Taxes other than Taxes based upon or related to income or receipts, be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in the entire taxable period, and (y) in the case of any Tax based upon or related to income or receipts be deemed equal to the amount which would be payable if the relevant taxable period ended on the Closing Date. Any credits relating to a taxable period that begins before and ends after the Closing Date shall be taken into account as though the relevant taxable period ended on the Closing Date. All determinations necessary to give

effect to the foregoing allocations shall be made in a manner consistent with reasonable prior practice of NNIC and CIC.

(iii) Notwithstanding Section 6.04(a)(ii), Seller shall prepare or cause to be prepared, and timely file or cause to be timely filed, all Tax Returns of NNIC and CIC for taxable periods which begin before the Closing Date and end after the Closing Date that are part of a consolidated, combined, unitary or other affiliated group Tax Return where the common parent is not NNIC or CIC. Seller shall submit each such Tax Return to Purchaser at least thirty (30) days prior to the due date (taking into account any extensions) and Purchaser shall have the right to review and comment on such Tax Returns and Seller shall reflect such comments from Purchaser on such Tax Returns to the extent such comments are not inconsistent with the standard set forth in the previous sentence. The applicable Party pursuant to applicable Law shall cause all Tax Returns prepared pursuant to this Section 6.04(a)(iii) to be timely filed.

(iv) The Parties hereto shall, to the extent permitted or required under applicable Law, treat the Closing Date as the last day of the taxable period of NNIC and CIC for all Tax purposes, including pursuant to Treasury Regulation Section 1.1502-76.

(b) Filing and Amendment of Tax Returns. Without the prior written consent of Seller, Purchaser shall not (i) with respect to Tax Returns filed pursuant to Section 6.04(a)(i) and Section 6.04(a)(iii), after the date such Tax Returns are filed pursuant to Section 6.04(a)(i) and Section 6.04(a)(iii), amend or permit any of NNIC or CIC to amend any such Tax Return, (ii) extend or waive, or cause to be extended or waived, or permit NNIC or CIC to extend or waive, any statute of limitations or other period for the assessment of any Tax or deficiency related to a Pre Closing Tax Period, (iii) make or change any Tax election or accounting method or practice that has retroactive effect to any Pre Closing Tax Period, or (iv) initiate any voluntary disclosure or other communication with any taxing authority relating to any actual or potential Tax payment or Tax Return filing obligation of NNIC or CIC for any Pre-Closing Tax Period.

(c) Cooperation. Seller and Purchaser shall, and after the Closing Purchaser shall cause NNIC and CIC to, cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns pursuant to this Section 6.04 and any audit, litigation or other proceeding with respect to Taxes and the computation and verification of any amounts paid or payable under this Section 6.04 (including any supporting work papers, schedules and documents). Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Purchaser shall, and after the Closing shall cause NNIC and CIC to, retain all books and records with respect to Tax matters pertinent to NNIC and CIC relating to any taxable periods and shall abide by all record retention agreements entered into with any taxing authority, and shall give Seller reasonable written notice prior to transferring, destroying or discarding any such books and records prior to the expiration of the applicable statute of limitations for that taxable period, and if Seller so requests, Purchaser shall, and after the Closing shall cause NNIC

and CIC to, allow Seller to take possession of such books and records rather than destroying or discarding such books and records.

(d) Closing Date Activity. Without the prior written consent of Seller (which may be withheld for any reason), none of the Purchaser, NNIC, CIC or any of their Affiliates shall take any action on the Closing Date with respect to NNIC or CIC, other than in the ordinary course of business consistent with the past custom and practice, that would result in any liability with respect to Taxes to Seller or its Affiliates under this Agreement or otherwise.

(e) Transfer Taxes. All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement (including any real property transfer Tax and any other similar Tax) shall be borne and paid by Purchaser when due. Purchaser shall, at its own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and Seller shall cooperate with respect thereto as necessary).

(f) Section 338 Elections. Neither Purchaser nor any of its Affiliates shall make any election under Section 338 of the Code (or any similar provision under state, local, or non-US Law) with respect to the acquisition of the NNIC Shares and the indirect acquisition of the CIC Shares.

#### 6.05 POST-CLOSING ACCESS TO BOOKS AND RECORDS.

(a) Subject to Section 6.04(c) in respect books and records with respect to Tax matters pertinent to NNIC and CIC, and in order to facilitate the resolution of any claims made against or incurred by Seller prior to the Closing, or for any other reasonable purpose, following the Closing Purchaser shall, and shall cause NNIC and CIC to, (i) retain the books and records (including personnel files) of NNIC and CIC relating to periods prior to the Closing in a manner consistent with applicable Law and reasonable "best practices" for a company in run-off, (ii) upon reasonable notice, afford the representatives of Seller reasonable access (including the right to make, at Seller's expense, photocopies), during normal business hours, to such books and records, and (iii) provide Seller reasonable prior written notice of any plan or intention to destroy or transfer such books and records and give Seller the opportunity to take possession of such records before they are destroyed or transferred.

(b) In order to facilitate the resolution of any claims made by or against or incurred by Purchaser, NNIC or CIC after the Closing, or for any other reasonable purpose, Seller shall (i) retain the books and records (including personnel files) of Seller which relate to NNIC or CIC and their respective operations for periods prior to the Closing and consistent with Seller's existing record retention policy as it pertains to such books and records, and (ii) upon reasonable notice, afford the representatives of Purchaser, NNIC or CIC reasonable access (including the right to make, at Purchaser's, NNIC's and CIC's expense, photocopies), during normal business hours, to such books and records.

(c) Neither Purchaser (including NNIC and CIC) nor Seller shall be obligated to provide the other Party with access to any books or records (including personnel files) pursuant to this Section 6.05 that (i) are subject to attorney-client privilege, attorney work

product or other common law or statutory privilege, (ii) would conflict with any third-party confidentiality obligations to which Seller, Purchaser, NNIC or CIC is bound, or (iii) would violate any applicable Law.

6.06 UNADJUSTED TRIAL BALANCE.

(a) Seller will deliver to Purchaser at Closing an unadjusted trial balance for NNIC as of the Closing Date setting forth the assets and liabilities of NNIC as of such date and as pulled from the general ledger of NNIC as it exists at the time of Closing (the “Unadjusted Trial Balance”).

(b) For the avoidance of doubt, Purchaser acknowledges that Seller makes no representation, warranty or covenant as to the preparation of, or any item reflected within, the Unadjusted Trial Balance or any financial statements, including, without limitation, as to the accuracy or adequacy of any premium, loss or other reserve information, and further acknowledges that the Unadjusted Trial Balance does not contain updated or adjusted information, including, without limitation, updated investment account balances.

**ARTICLE 7  
PURCHASER’S CONDITIONS OF CLOSING**

The obligation of Purchaser to complete the purchase and sale contemplated by this Agreement at the Closing is subject to the performance or fulfillment of the following conditions at or prior to the Closing, which conditions, except for Sections 7.03 and 8.01, are included for the exclusive benefit of Purchaser and may be waived in writing in whole or in part by Purchaser at any time on or prior to the Closing Date:

7.01 RESIGNATION OF DIRECTORS AND OFFICERS

Seller shall have delivered to Purchaser the resignations of all Directors and Officers of NNIC and CIC as listed in Schedule 7.01 to be effective as of the Closing.

7.02 TERMINATION OF AFFILIATE AGREEMENTS/SETTLEMENT OF INTER-COMPANY ACCOUNTS.

Seller shall have delivered to Purchaser confirmation of the termination of the Affiliate Agreements to be effective as of the Closing and confirmation that all inter-group or inter-company balances under those Affiliate Agreements have been settled prior to the Closing Date.

7.03 AUTHORIZATION.

The purchase and sale and other transactions contemplated hereby shall have received all necessary approvals and consents from the regulatory authorities having jurisdiction over the transactions contemplated hereby, including the Purchaser Approvals, and such approvals and consents shall not be subject to any qualifications or conditions other than of the type that are customarily imposed by insurance Governmental Entities in connection with similar transactions for purposes of obtaining the requisite regulatory approval (which in this case shall

include, without limitation, any such conditions, obligations or undertakings relating to the existing restructuring plan to which NNIC is subject and its continued application to NNIC after the Closing).

7.04 REPRESENTATIONS AND WARRANTIES.

All of the representations and warranties of Seller contained in Article 2 and the information contained in the corresponding sections of the Schedules hereto, shall have been and continue to be true and correct in all material respects, subject to such waivers or modifications as are expressly authorized by this Agreement or as may otherwise be mutually agreed by the Parties hereto in writing, as of the date hereof and at the Closing Date.

7.05 COVENANTS.

Seller shall have performed and complied with, in all material respects, all of the covenants and agreements required to be performed by it under this Agreement at or prior to the Closing;

7.06 LITIGATION.

No claim, action, suit or proceeding shall have been instituted, nor shall the Seller have received written notice of any such claim, action, suit or proceeding before any court or by or before any federal, state, municipal or other governmental authority, commission, board, tribunal, agency or instrumentality whatsoever, against Seller, NNIC or CIC to place either entity in liquidation, or restrain, enjoin, prohibit, invalidate, alter or amend the transactions contemplated hereby.

7.07 TAIL INSURANCE COVERAGE

Seller shall have delivered to Purchaser documentary confirmation of compliance with its obligations contained in Section 4.05 of this Agreement relative to obtaining and maintaining Tail Insurance Coverage.

7.08 NNIC SUBLEASE.

If the Parties are able to reach agreement on the terms and conditions of an NNIC Sublease on or before the sixtieth (60<sup>th</sup>) day following the date hereof (or on or before the end of any extension of that period mutually agreed between the Parties in writing), AFSG Holdings, Inc. shall have executed and delivered to Purchaser the NNIC Sublease.

7.09 BRING-DOWN CERTIFICATE.

Seller shall have delivered to Purchaser a certificate of an authorized officer of Seller in his or her capacity as such, dated as of the Closing Date, stating that the conditions specified in Sections 7.05, 7.06 and 7.07 as they relate to Seller, NNIC and/or CIC, have been satisfied.

7.10 POST-RETIREMENT OBLIGATIONS TRANSFER AND INTELLECTUAL PROPERTY ASSIGNMENT.

Seller shall have delivered to Purchaser documentary confirmation of the completion of the Post-Retirement Obligations Transfer and Intellectual Property Assignment on or prior to the Closing Date.

**ARTICLE 8  
SELLER'S CONDITIONS OF CLOSING**

The obligation of Seller to complete the purchase and sale contemplated by this Agreement at the Closing is subject to the performance or fulfillment of the following conditions at or prior to the Closing, which conditions, except for Sections 7.03 and 8.01, are included for the exclusive benefit of Seller and be waived in writing in whole or in part by Seller at any time on or prior to the Closing Date:

8.01 AUTHORIZATION.

The Post-Retirement Obligations Transfer and Intellectual Property Assignment shall have received all necessary approvals or non-disapprovals from the regulatory authorities having jurisdiction over the Post-Retirement Obligations Transfer and Intellectual Property Assignment, and such approvals or non-disapprovals shall not be subject to any qualifications or conditions other than of the type that are customarily imposed by insurance Governmental Entities in connection with similar transactions for purposes of obtaining the requisite regulatory approval or non-disapproval.

8.02 REPRESENTATIONS AND WARRANTIES.

All of the representations and warranties of Purchaser contained in Article 3 and the information contained in the corresponding sections of the Schedules hereto, shall have been and continue to be true and correct in all material respects, subject to such waivers or modifications as are expressly authorized by this Agreement or as may otherwise be mutually agreed by the Parties hereto in writing, as of the date hereof and at the Closing Date.

8.03 COVENANTS.

Purchaser shall have performed and complied with, in all material respects, all of the covenants and agreements required to be performed by it under this Agreement at or prior to the Closing.

8.04 LITIGATION.

No claim, action, suit or proceeding shall have been instituted, nor shall the Purchaser have received written notice of any such claim, action, suit or proceeding before any court or by or before any federal, state, municipal or other governmental authority, commission, board, tribunal, agency or instrumentality whatsoever, against Purchaser to place it in liquidation, or restrain, enjoin, prohibit, invalidate, alter or amend the transactions contemplated hereby.

8.05 NNIC SUBLEASE.

NNIC shall have executed and delivered to Seller the NNIC Sublease.

8.06 BRING-DOWN CERTIFICATE.

Purchaser shall have delivered to Seller a certificate of an authorized officer of Purchaser in his or her capacity as such, dated as of the Closing Date, stating that the conditions specified in Sections 8.02, 8.03 and 8.04 as they relate to Purchaser have been satisfied.

**ARTICLE 9  
CLOSING AND POST-CLOSING AGREEMENTS**

9.01 CLOSING.

(a) Subject to the satisfaction of the conditions set forth in Article 7 and Article 8 hereof, the Closing (the "Closing") of the transactions contemplated by this Agreement shall take place at 12:00 p.m. local time on the last Business Day of the calendar month within which the last condition to Closing set forth in Article 7 and Article 8 has been satisfied or duly waived, or such other date and time as may be mutually agreed by the Parties (such time and date of the Closing being referred to in this Agreement as the "Closing Date"). The Closing shall take place at the offices of the Seller, 9277 Centre Point Drive, Suite 200, West Chester, Ohio, 45069 with the understanding that documents may be exchanged in electronic form or by courier, as more specifically set forth below, or at some other location as may be mutually agreed by the Parties.

9.02 SELLER'S DELIVERABLES AT CLOSING. At the Closing, in addition to the deliverables set forth as conditions to Closing in Article 7 of this Agreement, Seller shall deliver to Purchaser at Closing the following:

(a) Certificates, and/or duly executed affidavits of lost certificates, representing one hundred percent (100%) of the Shares as listed on Schedule 1.01, free and clear of any and all liens, charges, encumbrances and adverse claims, such certificates to be duly endorsed to Purchaser or with stock powers annexed thereto duly executed in favor of Purchaser, and with all required documentary or stock transfer stamps affixed thereto.

(b) Incumbency certificates relating to each Person executing any document executed and delivered by Seller, NNIC or AFSG Holdings, Inc. to Purchaser pursuant hereto, in form and substance reasonably satisfactory to Purchaser.

9.03 PURCHASER'S DELIVERABLES AT CLOSING. At the Closing, in addition to the deliverables set forth as conditions to Closing in Article 8 of this Agreement, Purchaser shall deliver to Seller at Closing the following:

(a) The Purchase Price.

(b) Incumbency certificates relating to each Person executing any document executed and delivered by Purchaser or NNIC to Seller pursuant hereto, in form and substance reasonably satisfactory to Seller.

9.04 POST-CLOSING. Seller agrees to continue operating NNIC's bank account(s) identified on Schedule 9.04 hereto (the "Subject Accounts") for ninety (90) days subsequent to the Closing Date (the "Post-Closing Period"). The Treasury unit of Seller will manage the Subject Accounts and the associated transactions at the direction of the following individuals hereby designated by the Purchaser: Brian Johnston, Richard Paul Whatton or Stephanie Carne Mocatta (individually, a "Banking Representative"). Seller will not invest NNIC fiduciary funds subsequent to the Closing Date. Immediately after the Closing Date if the existing bank accounts cannot be transferred, Purchaser shall, and hereby agrees to cause its affiliates to, use their best efforts to establish a fiduciary banking relationship that complies with the Wisconsin Office of the Commissioner of Insurance Fiduciary Regulations. On or prior to the termination of the Post-Closing Period, Seller will transfer any remaining fiduciary funds to that new bank account except for any such funds on deposit with, and/or subject to the control of, Governmental Entities.

9.05 SURVIVAL OF COVENANTS AND WARRANTIES.

The representations, warranties and covenants of the Parties contained herein or in documents delivered pursuant hereto shall continue in full force and effect after the Closing for a period of twelve (12) months, at which point they will expire, except for the covenants contained in Sections 6.02, 6.04 and 6.05 of this Agreement, which shall survive the Closing for the period of time necessary for those covenants to be satisfied in accordance with their terms, and except for the NNIC Sublease and any other covenants contained herein or in documents delivered pursuant hereto which are to be performed, in whole or in part, after the Closing, which shall survive the Closing in accordance with their terms.

9.06 INDEMNIFICATION AND LIMIT OF LIABILITY.

(a) Subject to Sections 9.05 and 9.06(c) through (f) of this Agreement, Seller agrees to hold harmless and indemnify Purchaser, NNIC, and CIC and those of their respective directors, officers, and employees who were not directors, officers, or employees of Seller or one of its Affiliates prior to the Closing Date (collectively, the "Purchaser Indemnified Parties" and individually, a "Purchaser Indemnified Party") from and against all claims, demands, damages, losses and expenses, including reasonable attorneys' fees (collectively, "Losses"), incurred by Purchaser, NNIC or CIC resulting from (i) a breach by the Seller of any of the representations or warranties of Seller contained in Article 2 of this Agreement, or (ii) a breach of any covenant of the Seller contained in or made pursuant to this Agreement.

(b) Subject to Sections 9.05 and 9.06(c) through (f) of this Agreement, of this Agreement, Purchaser agrees to hold harmless and indemnify Seller and its directors, officers and employees (collectively, the "Seller Indemnified Parties" and individually, a "Seller Indemnified Party") from and against all Losses incurred by Seller and resulting from (i) a

breach by the Purchaser of any of the representations or warranties of Purchaser contained in Article 3 of this Agreement, (ii) a breach of any covenant of the Purchaser or NNIC contained in or made pursuant to this Agreement; or (iii) post-Closing actions by Purchaser, NNIC and/or CIC, or their respective directors, officers, employees or representatives.

(c) Except for Losses attributable to actual fraud by Seller or Purchaser in making the representation or warranty in this Agreement to which the applicable claim for indemnification relates, neither Purchaser nor Seller will be required to make indemnity payments pursuant to Sections 9.06(a) or 9.06(b), respectively, to the extent such indemnity payments would exceed the Purchase Price in the aggregate for such indemnifying party (the "Indemnity Cap"); provided, however, that the Indemnity Cap shall not apply to any claim for indemnification (i) asserted pursuant to Section 9.06(b)(iii), (ii) arising from the breach of the covenants contained in Sections 6.02, 6.04 and 6.05 of this Agreement, or (iii) the breach of the NNIC Sublease or any other covenants contained herein or in documents delivered pursuant hereto which are to be performed in whole or in part after the Closing, in each case solely in relation to a breach arising from actions or omissions occurring after the Closing Date.

(d) Any Purchaser Indemnified Party or Seller Indemnified Party making a claim for indemnification under Sections 9.06(a) or 9.06(b), respectively, (an "Indemnitee"), shall promptly notify the alleged indemnifying party (the "Indemnitor") in writing of any pending or threatened claim or demand that the Indemnitee has determined has given or would reasonably be expected to give rise to such right of indemnification (including a pending or threatened claim or demand asserted by a third party against the Indemnitee, such claim being a "Third-Party Claim"), describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or demand; provided, however, that the failure to provide such notice shall not release the Indemnitor from any of its obligations under this Section 9.06 except to the extent the Indemnitor is prejudiced by such failure, it being agreed that notices for claims in respect of a breach of a representation, warranty, covenant or agreement must be delivered prior to the expiration of any applicable survival period specified in Section 9.05 for such representation, warranty, covenant or agreement.

(e) Upon receipt of a notice of a Third-Party Claim for indemnity from an Indemnitee pursuant to Section 9.06(a) or 9.06(b), the Indemnitor shall be entitled, by notice to the Indemnitee delivered within twenty (20) Business Days of the receipt of notice of such Third-Party Claim, to assume the defense and control of such Third-Party Claim; provided that the Indemnitor shall allow the Indemnitee a reasonable opportunity to participate in the defense of such Third-Party Claim with its own counsel and at its own expense. Such assumption of the conduct and control of the settlement or defense shall not be deemed to be an admission or assumption of liability by the Indemnitor. If the Indemnitor does not assume the defense and control of any Third-Party Claim pursuant to this Section 9.06(e), the Indemnitee shall be entitled to assume and control such defense, but the Indemnitor may nonetheless participate in the defense of such Third-Party Claim with its own counsel and at its own expense. Each Indemnitee shall, and shall cause each of its Affiliates and representatives to, reasonably cooperate with the Indemnitor in the defense of any Third-Party Claim, including by furnishing books and records, personnel and witnesses, as appropriate for any defense of such Third-Party Claim. If the Indemnitor has assumed the defense and control of a Third-Party Claim, it shall be authorized to consent to a settlement or compromise of, or the entry of any judgment arising

from, any Third-Party Claim, in its sole discretion and without the consent of any Indemnitee; provided, that such compromise, settlement or judgment does not involve any finding or admission of any violation of Law or admission of any wrongdoing by any Indemnitee. No Indemnitee shall consent to the entry of any judgment or enter into any settlement or compromise with respect to a Third-Party Claim without the prior written consent of the Indemnitor, which consent shall not be unreasonably withheld, conditioned or delayed.

(f) The Parties hereby acknowledge and agree that the indemnification provisions set forth herein shall constitute the sole and exclusive remedy for any claims brought by Purchaser or Seller hereunder for any and all Losses or other claims relating to or arising from this Agreement or in connection with the transactions contemplated by this Agreement; provided, however, nothing in this Section 9.06(f) shall limit the remedies in respect of any claims arising from the breach of the covenants contained in Sections 6.02, 6.04 and 6.05 of this Agreement, or the breach of the NNIC Sublease or any other covenants contained herein or in documents delivered pursuant hereto which are to be performed in whole or in part after the Closing, in each case solely in relation to a breach arising from actions or omissions occurring after the Closing Date.

## ARTICLE 10 NOTICE

10.01 NOTICE. Any notice to the Parties to this Agreement shall be in writing and shall be deemed to have been adequately given if delivered in person to an officer of the respective Party hereto to whom delivered, or if mailed by prepaid registered or certified mail, properly addressed, return receipt requested, or if sent by facsimile with confirmation,

if to Seller, at:                   Armco Insurance Group.  
Suite 140  
9227 Centre Point Drive  
West Chester  
Ohio US45069  
Attn: Ernie J. Blache

and, if to Purchaser, at:       Brian Johnston  
SOBC Alpha Holding Company Limited  
Business Address  
55 Madison Avenue  
Suite 400  
Morristown  
New Jersey 07960  
email: brian.johnston@sobccorp.com  
with a copy to:

Richard P Whatton  
SOBC Holdings Plc  
28 Old Green Road,  
Broadstairs

Kent  
CT10 3BP  
Email: [Richard.whatton@sobccorp.com](mailto:Richard.whatton@sobccorp.com)

Notices shall be deemed given upon personal delivery, one Business Day after confirmation of facsimile receipt or five Business Days after mailing. Any Party hereto may change its address for notice from time to time to some other address by giving notice in the manner aforesaid.

**ARTICLE 11  
TERMINATION, AMENDMENT AND WAIVER**

11.01 TERMINATION.

Notwithstanding anything to the contrary contained in this Agreement or elsewhere, this Agreement may be terminated, and the transactions contemplated hereby may be abandoned, at any time prior to the Closing:

- (i) by mutual written consent of Purchaser and Seller;
- (ii) by Purchaser or Seller if any of the conditions to its obligation to consummate this Agreement set forth in Article 7 and Article 8, as the case may be, shall not have been fulfilled on or prior to the date specified for fulfillment thereof, or shall have become incapable of fulfillment, and shall not have been waived by the appropriate Party if permitted to be waived;
- (iii) by Purchaser or Seller if there shall be in effect any Law that prohibits the Closing and such Law shall be final and non-appealable;
- (iv) by Purchaser or Seller if the Closing shall not have occurred on or before April 30, 2016 (unless an extension is agreed to in writing by both Parties); and
- (v) by Purchaser if the policyholder surplus of NNIC shall fall below the statutory minimum required under Wisconsin Law as reflected in the most recent statutory financial statement on file with OCI.

11.02 EFFECT OF TERMINATION.

In the event of a termination of this Agreement pursuant to Section 11.01 hereof, each Party shall pay the costs and expenses incurred by it in connection with this Agreement, and no Party (or any of its officers, directors, employees, agents, representatives or shareholders) shall be liable to any other Party for any costs, expenses, damages or loss hereunder, including without limitation, loss of anticipated profits, except in respect of a Party's right to assert a claim for indemnification under Section 9.06(a) or 9.06(b) of this Agreement.

**ARTICLE 12  
GENERAL**

12.01 AMENDMENT AND WAIVER.

This Agreement may not be amended except by a written agreement among the Parties making reference to this Agreement. Any condition to the performance of any of the Parties that may legally be waived at or prior to the Closing may be waived at any time in writing by the Party entitled to the benefit thereof.

12.02 COSTS AND EXPENSES.

Each Party shall pay its own costs and expenses incurred in connection with the drafting and negotiating of this Agreement and all associated documents, and the consummation of the transactions contemplated hereby and thereby.

12.03 APPLICABLE LAW; SUBMISSION TO JURISDICTION; VENUE; WAIVER OF JURY TRIAL.

This Agreement and any dispute arising hereunder or relating hereto shall be governed by and interpreted in accordance with the laws of the State of Ohio without regard to the conflict of laws principles thereof. Any and all legal proceedings or actions with respect to this Agreement and the transactions contemplated hereby shall be brought exclusively in the courts of the State of Ohio or of the United States Federal Court situated in Cincinnati, Ohio. In addition, each Party, on behalf of itself and its Affiliates, to the fullest extent permitted by law, knowingly, voluntarily, and intentionally waives its right to a trial by jury in any action or other legal proceeding arising out of or relating to this Agreement. The waiver applies to any action or legal proceeding, whether sounding in contract, tort or otherwise. Each Party, on behalf of itself and its Affiliates, also agrees not to include any employee, officer or director of the other Party or its Affiliates as a Party in any such action or proceeding. Each Party may file an original counterpart or a copy of this Agreement with any court as written evidence of the consent of the Parties to the waiver of their right to trial by jury.

12.04 SUCCESSORS.

This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective heirs, executors, administrators, successors and permitted assigns, as the case may be.

12.05 ASSIGNMENT.

This Agreement may not be assigned by Purchaser or Seller hereto without the prior express written consent of the other Party.

12.06 ENTIRE AGREEMENT.

(a) This Agreement (including all exhibits, schedules and attachments hereto, and documents delivered pursuant hereto) comprises the entire agreement between the Parties

hereto and supersedes any and all prior agreements, arrangements or understandings, if any, between the Parties relating to the subject matter hereof.

(b) No representations, warranties, covenants or conditions, express or implied, whether by statute or otherwise, other than as set forth herein have been made by any Party hereto.

12.07 CONFIDENTIALITY.

All information about Purchaser, Seller, NNIC and CIC, including the existence of this transaction and any financial statements, supporting documents, vouchers, receipts, working papers, management or accounting data and any other accounting records received by any of them from the other or its respective auditors, attorneys and agents, will be treated as confidential information, except as required by applicable Law or to the extent the same shall already be in the public domain. Such information will not be disclosed by Purchaser or Seller or their Affiliates, except (i) on a confidential basis to their auditors, attorneys and agents, staff, advisers and contractors and (ii) to Governmental Entities or SEC filings on EDGAR (in each case to the extent reasonably required by applicable Law).

12.08 SEVERABILITY. The unenforceability or invalidity of any Section, Subsection or provision of this Agreement shall not affect the enforceability or validity of the remaining portions of this Agreement.

12.09 COUNTERPARTS. This Agreement may be executed by all Parties signing the same instrument, or by each Party's signing a separate counterpart or counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

12.10 DELIVERY BY FACSIMILE OR E-MAIL. This Agreement and any signed agreement entered into in connection with this Agreement or contemplated by this Agreement, and any amendments to this Agreement or any related agreements, to the extent signed and delivered by means of a facsimile machine or scanned pages via electronic mail, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party hereto or to any such contract, each other Party hereto or thereto shall re-execute original forms thereof and deliver them to all other Parties. No Party hereto or to any such contract shall raise the use of a facsimile machine or email to deliver a signature or the fact that any signature or contract was transmitted or communicated through the use of facsimile machine or email as a defense to the formation of a contract, and each such Party forever waives any such defense.

12.10. THIRD-PARTY BENEFICIARIES. Except as otherwise expressly provided in this Agreement, nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

12.11 NON-RECOURSE. This Agreement may only be enforced against, and any claim, action, suit or other legal proceeding based upon, arising out of, or related to this

## EXECUTION COPY

Agreement, or the negotiation, execution or performance of this Agreement, may only be brought against the entities that are expressly named as Parties hereto and then only with respect to the specific obligations set forth herein with respect to such Party. No past, present or future director, officer, employee, incorporator, manager, member, partner, stockholder, Affiliate, agent, attorney or other representative of any Party hereto or of any Affiliate of any Party hereto, or any of their successors or permitted assigns, shall have any liability for any obligations or liabilities of any Party hereto under this Agreement or for any claim or action based on, in respect of or by reason of the transactions contemplated hereby.

*[signature page(s) follow]*

EXECUTION COPY

IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties hereto as of the date first above written.

SOBC Gamma Holding Company Limited.

Armco Insurance Group, Inc.

By: Stephanie C. McGatta  
Name: STEPHANIE C. MCGATTA  
Title: DIRECTOR

By: \_\_\_\_\_  
Name: Ernie J. Blache  
Title: President

13<sup>th</sup> January 2016

Northwestern National Insurance Company of Milwaukee, Wisconsin.  
(solely in respect of Sections 6.02, 12.03 and 12.07 of this Agreement)

By: \_\_\_\_\_  
Name: Ernie J. Blache  
Title: President

**EXECUTION COPY**

**IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties hereto as of the date first above written.**

**SOBC Gamma Holding Company Limited.**

By: \_\_\_\_\_  
Name:  
Title:

**Armco Insurance Group, Inc.**

By:   
Name: Ernie J. Blache  
Title: President

**Northwestern National Insurance Company of Milwaukee, Wisconsin.**  
**(solely in respect of Sections 6.02, 12.03 and 12.07 of this Agreement)**

By:   
Name: Ernie J. Blache  
Title: President

**Schedule 1.01**

**Share Ownership**

**Northwestern National Insurance Company of Milwaukee, Wisconsin**

802 Shares Common Stock at US\$5,000 par value – Armco Insurance Group, Inc.

**Compass Insurance Company**

94,742 Shares of Common Stock at US\$10 par value – Northwestern National Insurance Company of Milwaukee, Wisconsin

**Schedule 2.01**

**Statutory Statements**

1. NNIC is the subject of an April 28, 2004 restructuring plan that it entered into with OCI (the “Restructuring Plan”) in respect of its run-off operations, including, without limitation, the establishment of a segregated account pursuant to Wis. Stat. § 611.24, effective as of December 31, 2003, for the purpose of running off its direct business in accordance with past practices (the “Segregated Account”), and the terms, conditions, and restrictions of the Restructuring Plan and Segregated Account are still in effect and applicable to NNIC and its operations, in each case which may not be reflected or disclosed in the Statutory Statements.
2. NNIC was the subject of rehabilitation proceedings in the State of Wisconsin from March 8, 2007 until January 20, 2012 and remains subject to ongoing supervision by OCI (collectively, the “Rehab and Supervision”), including, without limitation, the terms, conditions and restrictions contained within various orders or other directives and requirements issued by OCI, and various resolutions adopted by and consents obtained from the NNIC board of directors, in each case in connection with the Rehab and Supervision and which may not be reflected or disclosed in the Statutory Statements.
3. NNIC also remains subject to the terms and conditions of various settlements or other agreements NNIC entered into with various third-parties and which were referenced in, or otherwise part of, the Restructuring Plan, the rehabilitation plan which NNIC entered into with OCI as part of the rehabilitation proceedings (the “Rehabilitation Plan”), and/or the record of the Rehab and Supervision proceedings, in each case which may not be reflected or disclosed in the Statutory Statements, including, without limitation, (i) a global commutation of NNIC’s book of assumed reinsurance business held in its general account (the “Global Commutation”), which Global Commutation provides, among other things, that any surplus and other amounts remaining in the Segregated Account following the satisfaction in full of all debts, losses, liabilities and other obligations owed by NNIC on account of its direct business held in the Segregated Account shall be distributed pro rata to the Reinsureds (as that term is defined in the Global Commutation), and (ii) that certain Settlement Agreement between NNIC (in Rehabilitation) and Highlands Insurance Company in Receivership (“Highlands”) dated October 1, 2010 (the “Highlands Settlement Agreement”) and relating to, among other things, the adjustment and payment by Highlands of claims arising out of certain Agency Source Business (as that term is defined in the Highlands Settlement Agreement), which claims (or portions thereof) could potentially be asserted against NNIC in the event that Highlands fails to pay said claims.
4. There may be contingent liabilities, including, without limitation, insurance policies, and contingent liabilities arising under those policies, which were issued by NNIC and/or CIC but are not reflected in the records of NNIC and CIC, and in each case which may not be reflected or disclosed in the Statutory Statements.

**Schedule 2.02(b)**

**Governmental Consents**

- (1) Purchaser will need to obtain OCI's approval of Purchaser's direct acquisition of the Shares through the preparation, submission, and prosecution of a Form A application pursuant to Section 611.72 of the Wisconsin Insurance Code and INS 40.02 of the Wisconsin Administrative Code.
- (2) Purchaser will need to obtain DFS's approval of Purchaser's indirect acquisition of the CIC Shares through the preparation, submission, and prosecution of a Form A application pursuant to New York Consolidated Laws, INS § 1506 and 11 NYCRR § 80-1.6.
- (3) Seller will need to obtain OCI's approval or non-disapproval of the Post-Retirement Obligations Transfer and Intellectual Property Assignment through the preparation, submission and prosecution of a Form D application pursuant to Section 617.21 of the Wisconsin Insurance Code and INS 40.04 of the Wisconsin Administrative Code.
- (4) Seller will need to obtain OCI's approval or non-disapproval of the amendment and/or termination of that certain Restructuring Agreement between Seller, NNIC and Armco Financial Services Corporation dated September 30, 1999.
- (5) Any and all other consents, approvals or non-disapprovals from state insurance regulatory authorities which this Agreement and the transactions contemplated herein may require and which the Parties learn of or identify after the execution of this Agreement.

**Schedule 3.01(b)**

**Governmental Consents**

- (1) Purchaser will need to obtain OCI's approval of Purchaser's direct acquisition of the Shares through the preparation, submission, and prosecution of a Form A application pursuant to Section 611.72 of the Wisconsin Insurance Code and INS 40.02 of the Wisconsin Administrative Code.
- (2) Purchaser will need to obtain DFS's approval of Purchaser's indirect acquisition of the CIC Shares through the preparation, submission, and prosecution of a Form A application pursuant to New York Consolidated Laws, INS § 1506 and 11 NYCRR § 80-1.6.
- (3) Seller will need to obtain OCI's approval or non-disapproval of the Post-Retirement Obligations Transfer and Intellectual Property Assignment through the preparation, submission and prosecution of a Form D application pursuant to Section 617.21 of the Wisconsin Insurance Code and INS 40.04 of the Wisconsin Administrative Code.
- (4) Seller will need to obtain OCI's approval or non-disapproval of the amendment and/or termination of that certain Restructuring Agreement between Seller, NNIC and Armco Financial Services Corporation dated September 30, 1999.
- (5) Any and all other consents, approvals or non-disapprovals from state insurance regulatory authorities which this Agreement and the transactions contemplated herein may require and which the Parties learn of or identify after the execution of this Agreement.

**Schedule 4.01**  
**Conduct of Business**

None.

**Schedule 4.03**

**Post-Retirement Health, Pension, Disability and Other Benefits**

- (1) Retiree(s) and their spouse(s) (if any) who are both over age 65 – such individuals receive direct payments of \$25/month to reimburse the retiree/spouse for Medicare Part B premiums.
- (2) Retiree(s) and their spouse(s) (if any) at least one of whom is under age 65 – such individuals are eligible to participate in small group insurance provided under a plan administered by an Affiliate of NNIC until they reach age 65. The cost of this coverage is charged back to NNIC.
- (3) Individual former employee(s) on long-term disability (“LTD”) – such individuals are eligible to participate in small group insurance provided under a plan administered by an Affiliate of NNIC for as long as they are on LTD, until they reach age 65. The cost of this coverage is charged back to NNIC.
- (4) Individual former employee(s) who are eligible to receive LTD benefits provided under a plan administered by an Affiliate of NNIC for as long as they are on LTD, until they reach age 65. The cost of this coverage is charged back to NNIC.
- (5) Retirees who are eligible to receive direct payments under certain nonqualified deferred compensation arrangements.

**Schedule 4.04**

**Termination of NNIC Employees**

Donna Wise

Bonnie Jones

Lisa Macy

Patty Hunter

**Schedule 4.08**

**Intercompany Accounts; Affiliate Agreements**

- (a) Management Services Agreement by and between AFSG Holdings, Inc. and NNIC, dated October 1<sup>st</sup> 1999
- (b) Management Services Agreement by and between AK Steel Corporation and NNIC, dated October 1<sup>st</sup> 1999
- (c) Management Services Agreement by and between FSA Services Corporation and NNIC, dated October 1<sup>st</sup> 1999
- (d) Management Services Agreement by and between AK Steel Corporation, through its division, Records Management, and NNIC, dated October 1<sup>st</sup> 1999
- (e) Management Services Agreement by and between NNIC and Armco Financial Services Corporation, dated October 1<sup>st</sup> 1999
- (f) Management Services Agreement by and between NNIC and AFSG Holdings, Inc., dated October 1<sup>st</sup> 1999
- (g) Management Services Agreement by and between NNIC and Armco Insurance Group, Inc., dated October 1<sup>st</sup> 1999
- (h) Management Services Agreement by and between NNIC and AK Asset Management Company, dated October 1<sup>st</sup> 1999
- (i) Management Services Agreement by and between NNIC and Materials Insurance Company, dated October 1<sup>st</sup> 1999
- (j) Management Services Agreement by and between NNIC and AK Steel Corporation, through its division, Records Management, dated October 1<sup>st</sup> 1999
- (k) Tax Sharing Agreement by and among AK Steel Holding Corporation and Compass Insurance Company, dated October 1<sup>st</sup> 1999
- (l) Tax Sharing Agreement by and among AK Steel Holding Corporation and NNIC, dated October 1<sup>st</sup> 1999
- (m) Restructuring Agreement between Seller, NNIC and Armco Financial Services Corporation dated September 30, 1999
- (n) Any and all other agreements between NNIC and/or CIC, on the one hand, and one of their Affiliates on the other hand, and which are identified after the execution of this Agreement.

**Schedule 7.01**

**Officers and Directors of**

**Northwestern National Insurance Company of Milwaukee, Wisconsin**

Ernest Joseph Blache' Jr.	Director / President
Gary Mark Sussman	Director / Vice President / Treasurer
Patricia Suzanne Henson	Director
Lisa Rothfuss Macy	Director
Renee Suzanne Filiatraut	Director
Amy Kathryn Domacher	Secretary

**Officers and Directors of  
Compass Insurance Company**

Ernest Joseph Blache' Jr.	Director / President
Gary Mark Sussman	Director / Vice President / Treasurer
Patricia Suzanne Henson	Director
Richard Herman Pluschau	Director
Hugh Williamson Greene Jr.	Director
Douglass Otto Mitterholzer	Director
Alwin Helmut Thiemke	Director
Amy Kathryn Domacher	Secretary

**Schedule 9.04**

**Subject Accounts**

(see attached)