

## **TAX ALLOCATION AGREEMENT**

This Tax Allocation Agreement (the “Agreement”), dated [ ], 2019 (the “Effective Date”), by and between National General Holdings Corp. (“NGHC”), a Delaware corporation, on behalf of the Group (defined below) and National Farmers Union Property and Casualty Company, an indirect wholly-owned subsidiary, NGHC subsidiaries (the “Participant”): . NGHC and the Participant are described herein each as a “Party,” and collectively as the “Parties.”

### **WITNESSETH**

WHEREAS, the Parties are affiliates;

WHEREAS, the Parties are part of a larger consolidated tax filing group (the “Group”) in accordance with the relevant provisions of the Internal Revenue Code and the associated regulations; and

WHEREAS, NGHC is the agent of the Participant for the purpose of filing the consolidated tax return on behalf of the Group; and

WHEREAS, the Parties wish to set forth their obligations to each other as members of the Group in accordance with all applicable insurance laws and regulations.

NOW, THEREFORE, the Parties agree as follows:

### **ARTICLE 1 DETERMINATION OF TAX LIABILITY**

Each Party’s liability for all tax payments or entitlements to federal, state or local tax refunds shall be based on the amount of its tax liability or entitlement to a refund calculated on a separate return basis and recorded accordingly in the corresponding period.

### **ARTICLE 2 TAX PAYMENTS; RECORDS**

- 2.1.** The Participant shall remit to NGHC any amounts determined to be due in accordance with Article 1 of this Agreement, less any estimated taxes already paid by the Participant, at such time that the Group is legally obligated to make estimated or final tax payments, but in no event more than ten (10) days earlier or thirty (30) days after the taxes are due and NGHC actually files the consolidated return. If the amount of the Participant’s total estimated tax payments differs from the amount of its actual liability as determined on a separate-return basis, then the difference shall be paid by the Participant or refunded to it, not more than 30 days after the amount of the difference has been calculated.
- 2.2.** In the event that the Participant shall incur net federal income tax losses or net federal income tax credits which shall result in a net tax benefit (or tax savings) to

- the Group as a whole, the Participant producing such net tax benefit shall receive such net tax benefit. In the event that more than one member of the Group shall produce net federal income tax losses or net federal income tax credits which shall result in net tax benefits to the consolidated group as a whole, the Participant shall receive such net tax benefit proportionately (i.e., the Participant shall receive net tax benefits in the same proportion as such Participant's net federal income tax losses relate to all Participant's net federal income tax losses giving rise to the aggregate tax benefit or as such Participant's net federal income tax credits relate to all Participant's net federal income tax credits giving rise to the aggregate tax benefit). Each member of the Group producing net tax benefits benefiting the Group as a whole shall be entitled to receive their pro rata share of any such tax benefits allocable to such member, as determined under section 2.1 above.
- 2.3.** NGHC shall retain copies of all tax returns, related schedules, work papers, material records, and other documents until the expiration of the statute of limitations (including extensions). All documents retained should be available for inspection by the Participant or any regulators having jurisdiction over the Participant. This Section 2.3 shall survive termination or expiration of this Agreement.
- 2.4.** Notwithstanding Section 2.2 above, all books and records of the Participant are and remain the property of such Participant and are subject to the control of the Participant. For purposes of this Section 2.3, books and records shall include all books and records developed or maintained under or related to the Agreement.
- 2.5.** The Participants shall be permitted (but not required) to carryback a Tax Attribute realized in a post-acquisition tax period or a straddle tax period to a pre-acquisition period or a straddle tax period only if such carryback cannot reasonably result in the Participant being liable for additional Taxes. If a carryback could reasonably result in the Participant being liable for additional Taxes, such carryback will be permitted only if the Participant consents to such carryback. Notwithstanding anything to the contrary in this Agreement, if the Participant has claimed a Tax Attribute carryback, the Participant shall be liable for any Taxes that become due or payable as a result of the subsequent adjustment, if any, to the carryback claim.

### **ARTICLE 3 TAX REFUNDS**

Upon receipt, NGHC shall remit to the Participant on or before the 30<sup>th</sup> of each month following the calendar quarter that part of any tax refund (including interest) received by the Group that results from tax savings to the Group generated by foreign credits, investment credits, losses (including, without limitation, any net operating losses) or any loss carryovers available to such Participant. Any payments owed or refunds due as a result of adjustments to a previously filed tax return (whether by reason of any carryback, an amended return, a claim fund, an IRS audit or otherwise) shall be paid by or remitted to the Participant no more than ten (10) days before or thirty (30) days after such payments are made, or refunds received, by NGHC. Any funds due to the

Participant shall be (a) the exclusive property of the Participant, (b) held for the benefit of the Participant and (c) subject to the control of the Participant.

#### **ARTICLE 4 SCOPE**

This Agreement shall apply to all of the Parties' federal, state and local tax liabilities.

#### **ARTICLE 5 TERM AND TERMINATION**

- 5.1. Term.** This Agreement shall be effective as of the Effective Date, and shall remain in force until terminated pursuant to this Article 5.
- 5.2. Termination.** This Agreement may be terminated between NGHC and the Participant as follows:
  - 5.2.1. By NGHC and the Participant, by mutual agreement.
  - 5.2.2. By NGHC, upon 180 days' prior written notice to the Participant.
  - 5.2.3. By the Participant, upon 90 days' prior written notice to NGHC.
  - 5.2.4. Immediately upon the change of control of the Participant. For purposes of this Section 5.2.4, "control" shall mean control for purposes of the Insurance Holding Company Systems Regulatory Act as enacted in the Participant's state of domicile.
- 5.3.** Any termination pursuant to this Article 5 shall be prospective only, and shall not relieve any Party of any liabilities with respect to any past consolidated filings, redetermination, or similar items.
- 5.4.** NGHC shall not have a right to automatically and immediately terminate this Agreement in the event the Participant is placed in receivership.

#### **ARTICLE 6 MISCELLANEOUS PROVISIONS**

- 6.1. Entire Agreement.** This Agreement, including any exhibits, schedules and appendices attached hereto, constitutes the final written, fully integrated expression of all the agreements among the Parties with respect to the subject matter hereof. No addition or modification of any provision of this Agreement shall bind any Party unless embodied in a dated written instrument signed by all Parties and approved by all insurance regulators as required by law.
- 6.2. Conformity to Law.** This Agreement shall, without prior notice, be automatically modified to conform to any law having application to or jurisdiction over the subject matter of this Agreement or the Parties.

- 6.3. No Waiver.** The failure of any Party to insist on strict compliance with any of the terms, covenants or conditions of this Agreement shall not be deemed a waiver of such term, covenant or condition.
- 6.4. Governing Law.** As this Agreement relates to the Participant, this Agreement is hereby deemed to have been made under and governed by the laws of the respective domiciliary state of such Company. Should litigation be filed relative to a dispute related to or arising from this Agreement, the parties agree that (i) the forum for any such litigation shall be the court for the domiciliary state of the Company (or, if more than one Company is involved, the domiciliary state of the Company that is the primary claimant) as the court of proper jurisdiction and venue for any actions or proceedings relating to this Agreement, (ii) hereby irrevocably consent to such designation, jurisdiction or venue with respect to any action or proceeding initiated in such court and (iii) hereby waive all defenses and objections to jurisdiction and venue.
- 6.5. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 6.6. Subsequent Amendments:** Any future amendment(s) or modifications to this Agreement will be subject to the prior approval of the Domiciliary Regulator of the Participant.
- 6.7. Indemnification:** NGHC agrees to hold harmless, indemnify and defend the Participant, its officers, directors and employees from and against any financial loss or any actual or threatened suits, claims, fines, attorneys' fees, penalties, judgments, damages or awards, provided said action or amount is the result of gross negligence or willful misconduct by NGHC. The indemnification provisions shall survive the termination of this agreement.
- 6.8. Receivership:** In the event that the Participant is placed in receivership or seized by the commissioner of such Participant's domiciliary state: (A) all of the rights of the Participant under this Agreement extend to the receiver or commissioner, to the extent applicable; and (B) all books and records: (i) will be made available to the receiver or the commissioner, and (ii) shall be turned over to the receiver or commissioner upon the receiver or commissioner's request, as soon as reasonably practicable.
- 6.9. Oversight and Quality Assurance:** To the extent required by the laws of the domiciliary state of the Participant, the Participant shall maintain oversight for functions provided by NGHC under this Agreement and monitor annually the quality of the services.

*(The signature page follows.)*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the Effective Date.

**NATIONAL GENERAL HOLDINGS CORP.**

By:

\_\_\_\_\_

Name:

Title:

**NATIONAL FARMERS UNION PROPERTY AND CASUALTY COMPANY**

By:

\_\_\_\_\_

Name:

Title: