



**E**

**EXHIBIT E**  
**Quota Share Reinsurance Agreement between Hannover Rueck SE and Glencar Insurance  
Company**

(See Attached)

## **QUOTA SHARE REINSURANCE AGREEMENT**

This Quota Share Reinsurance Agreement (“Agreement”) is made and entered into by and between **GLENCAR INSURANCE COMPANY**, a Wisconsin Insurance Company (hereinafter called the “Company”), and **HANNOVER RUECK SE** (hereinafter called the “Reinsurer”), effective \_\_\_\_\_, 2018.

### **ARTICLE 1 CERTAIN DEFINITIONS**

1 The term “Policy” as used in this Agreement shall mean any written binder, new and renewal policy, certificate, agreement, or contract of insurance or reinsurance, issued, accepted or held, covered provisionally or otherwise, by or on behalf of the Company, including the business underwritten by the Administrator.

2 The term “Administrator” shall mean Glencar Underwriting Managers, Inc., which has entered into a Program Administrator’s Agreement with the Company dated \_\_\_\_, 2018 to produce and underwrite on behalf of the Company certain business referenced in this Agreement, as provided therein.

### **ARTICLE 2 BUSINESS REINSURED**

1 By this Agreement, the Company shall cede to the Reinsurer, and the Reinsurer agrees to accept, a 90% quota share participation (the “Proportionate Share”) on all Policies issued in form or in fact during the term hereof (including as provided in Article 4, Section 5), as set forth in this Agreement.

2 This Agreement is solely between the Company and the Reinsurer, and nothing contained in this Agreement shall create any obligations or establish any rights against the Reinsurer in favor of any person or entity not a party hereto.

3 The performance of obligations by both parties under this Agreement shall be in accordance with fiduciary standard of utmost good faith and fair dealing.

### **ARTICLE 3 ORIGINAL CONDITIONS**

1 All reinsurance for which the Reinsurer shall be liable, by virtue of this Agreement, shall be subject to the same terms, rates, conditions, and waivers, and to the same modifications, interpretations, alterations and cancellations as the respective Policies of the Company, but always subject to this Agreement.

2 The Reinsurer’s liability shall attach obligatorily and simultaneously with that of the Company.

3 The Reinsurer shall be credited with the exact proportion of the original gross premiums received by the Company, less returns, if any, but after deductions of premium, if any, paid by the Company for other reinsurance.

#### **ARTICLE 4 TERM AND TERMINATION**

1 The period of this Agreement shall begin at 12:01 a.m., Central Time, on \_\_\_\_\_, 2018, and shall remain in force until terminated.

2 This Agreement may be terminated as follows:

a. By either party by giving at least one hundred eighty (180) days written notice to the other party of its intention to terminate this Agreement.

b. Immediately by mutual consent of the Company and Reinsurer.

c. Immediately upon written notice by either party to the other party in the event that (i) any applicable regulatory authority or court of competent jurisdiction orders the other party to cease writing insurance or reinsurance business; (ii) other party has been placed into liquidation or receivership (whether voluntary or involuntary); or (iii) there has been instituted against the other party proceedings (whether judicial or otherwise) for the appointment of a receiver, liquidator, rehabilitator, conservator, trustee in bankruptcy or other agent known by whatever name, to take possession of its assets or control of its operations.

d. By the Company immediately upon written notice to the Reinsurer in the event that the department of insurance of the Company's state of domicile requires cancellation or disallows credit for the reinsurance.

e. After thirty (30) days written notice by either party to the other party in the event that the other party or the Administrator has become merged with, acquired, controlled during the term of this Agreement by any company, corporation or individual(s) resulting in 50% or more of the respective party's assets being owned, managed or controlled by a party other than the party at inception of this Agreement.

f. After thirty (30) days written notice by either party to the other party in the event that (i) the other party's policyholders' surplus has been reduced by the greater of either 20% of the amount of surplus at the inception of this Agreement or 20% of the amount at the latest anniversary of this Agreement; or (ii) the other party has been assigned or downgraded by both Standard & Poor's Group below BBB and by A.M. Best Company below A-.

3 The effective date of termination pursuant to this Article shall be the termination date indicated in the electing party's notice of termination; provided, however, that, in the event a thirty (30) days notice is required, the date shall be no earlier than 30 days from the termination notice and in the event a one hundred eighty (180) days notice is required, the date shall be no earlier than one hundred eighty (180) days from the termination notice.

4 When this Agreement terminates for any reason, reinsurance and all other obligations of the Reinsurer hereunder shall continue to apply to the Policies in force at the time and date of termination until expiration or cancellation of such Policies. It is understood that any Policies with effective dates prior to the termination date but issued after the termination date are covered under this Agreement.

5 Notwithstanding Paragraph 4 of this Article, should any Policy to which this Agreement applies be extended, continued or renewed due to regulatory or other legal restrictions or actions (for any reason, whether or not related to any termination of this Agreement), this Agreement will automatically continue to provide reinsurance coverage on such Policy until such time as said Policy may actually be terminated by the Company, in the Company's reasonable discretion.

6 This Agreement provides for termination on a run-off basis. The relevant provisions of the Agreement shall apply to the business being run-off and shall survive the termination of this Agreement, and the Reinsurer shall not be relieved of or released from any of its obligations created by or under this Agreement.

7 At the option of the Company, this Agreement may be terminated on a cut-off basis. If the Company so elects, which election it shall make by written notice to the Reinsurer, then (i) the Reinsurer shall pay to the Company (or its designee) an amount equal to the sum of the ceded outstanding unearned premium as of the date of termination, and (ii) the Reinsurer shall incur no liability for losses occurring subsequent to the date of termination.

8 If any provision of this Article is rendered illegal or unenforceable by the laws, regulations or public policy of any applicable state or country, such provision shall be considered void in such jurisdiction, but this shall not affect the validity or enforceability of any other provision of this Agreement or the enforceability of such provision in other jurisdictions.

9 Notwithstanding anything to the contrary set forth in this Agreement, this Reinsurance Agreement shall not be terminated by the Reinsurer as long as the Company's Agreement with the Administrator remains in full force and effect.

#### **ARTICLE 5 TERRITORY**

This Agreement applies to Policies covering risks located in the United States of America, including its territories and possessions.

#### **ARTICLE 6 EXCLUSIONS**

The exclusions, if any, applicable to the reinsurance coverage provided by this Agreement as respects the Policies shall be as set forth in each such Policy.

**ARTICLE 7**  
**ACCOUNTS AND REMITTANCES**

1 Within fifteen (15) days after the close of each quarter (March 31, June 30, September 30 and December 31), or more frequently if agreed in writing by the parties hereto, the Company shall furnish to the Reinsurer a net account containing the following:

- a. Net written and collected premium accounted for during the period, being the gross written and collected premium less returns and cancellations; less
- b. The Ceding Commission as provided for in this Agreement, less;
- c. Loss and loss expense paid on losses, including TPA fees, ascribed to the term of this Agreement, plus
- d. Subrogation, salvage, or other recoveries on losses ascribed to the term of this Agreement.

2 Within thirty (30) days following the end of the reporting period the debtor will remit to the creditor party any balance due.

This account will bear a notation advising the following information:

- a. The outstanding loss and loss expense reserve at the end of the period.
- b. The unearned premium reserve at the end of the quarter.
- c. Any special payment handled in accordance with the Allocated Loss Adjustment Expense Article.

3 Within sixty (60) days following the expiration of this Agreement, the Company shall furnish to the Reinsurer any other information which the Reinsurer may require for its annual financial statement which may be reasonably available to the Company.

Notwithstanding any other terms and conditions of this Article, the Company has no obligation to provide such accounts and remittances to the Reinsurer if the Administrator has not provided the Company with such accounts and remittances.

**ARTICLE 8**  
**PREMIUM AND COMMISSION**

1 The Reinsurer shall be entitled to (i) ninety percent (90%) of the Net Premiums (as hereinafter defined) actually received by the Company on Policies reinsured hereunder, less (ii) the Ceding Commission. The "Ceding Commission" is an amount equal to the total of (i) the Override Commission allowed the Company pursuant to Paragraph 2 of this Article 8, (ii) 100% of the commission or any other fee or expense paid to the Administrator, including 100% of the TPA fees, (iii) 100% of the commission paid to the sub-producers by the Administrator, (iv) 100% of BB&T (as defined below), and (v) 100% of United States Federal Excise Tax, if

applicable. For the avoidance of doubt, the Ceding Commission shall be calculated and paid by the Reinsurer on a full, one hundred percent basis and not at the Proportionate Share. "Net Premiums" shall mean the gross premiums charged and collected on all original and renewal Policies, less return premiums and cancellations (excluding policy fees).

2 It is understood that the Reinsurer shall guarantee and cause to be paid to the Company directly, no later than forty-five (45) days following the end of each quarter, (i) an override commission equal to 5% of the Net Premiums and Net Policy Fees (defined below) related to all Policies reinsured hereunder ("Override Commission"), plus (ii) the amount of BB&T and any applicable United States Federal Excise Tax, as provided in this Article 8. Notwithstanding anything else contained herein to the contrary, regardless of the amount of Net Premiums, the minimum Override Commission due the Company shall be \$125,000 for each six-month period during which the Agreement is in effect. This minimum Override Commission shall not be affected by the amounts of Net Premiums written in other six-month periods and shall not be reduced by reason of payments in excess of the minimum in other periods. Upon termination of this Agreement, the minimum Override Commission shall be prorated to the effective date of such termination. The minimum Override Commission for each period shall be paid within sixty (60) days of the end of each period. For these purposes, a policy's entire premium shall be applied to the period in which the policy is written. During the term of this Agreement, the Reinsurer shall be allowed to pay the Override Commission payable to the Company under this Paragraph on the basis of premiums collected; provided, however, that the Reinsurer shall remain liable for the full amount of the Override Commission (i.e., based on premiums written) as specified above. "Net Policy Fees" shall mean the total gross policy fees, if any, charged on all original and renewal Policies reinsured hereunder, less return policy fees.

3 The Reinsurer shall guarantee and cause to be paid to the Company no later than forty-five (45) days following the end of each month an additional three and one-half percent (3.5%) of the written premium to account for estimated applicable assessments, boards, bureaus, taxes, licenses and fees, on the Policies (including with respect to Net Premiums and Net Policy Fees) reinsured hereunder (together, "BB&T") for the past month. The parties acknowledge that at the effective date of this Agreement, the applicable departments of insurance (or other state agency responsible for collecting premium taxes) may require the payment of estimated premium taxes in advance on a semi-annual basis. The Company will be responsible for the payment to the relevant authority of any applicable BB&T. After the Company's payment of applicable BB&T, the Company and the Reinsurer will reconcile and true-up, on no less than an annual basis, the amount of applicable BB&T paid by the Company in relation to the amount forwarded to the Company for the estimated amounts due. The Reinsurer shall be responsible for, and shall pay or reimburse the Company for, any applicable United States Federal Excise Tax.

4 To the extent the Reinsurer makes any payments due hereunder to an intermediary which is, in turn, to forward those payments on to the Company, the Reinsurer assumes all credit risks of the intermediary relating to the payment of those amounts to the Company.

**ARTICLE 9  
CURRENCY**

The currency to be used for all purposes of this Agreement shall be United States Dollars. For purposes of this Agreement, amounts paid or received by the Company in currencies other than United States Dollars will be converted into United States Dollars at the actual rates of exchange at which they are entered in the Company's books.

**ARTICLE 10  
LOSS/UNEARNED PREMIUM RESERVE FUNDING**

This Article is only applicable to those subscribing Reinsurers participating in the business reinsured hereunder who cannot qualify for credit by the regulatory authority(ies) having jurisdiction over the Company.

1 It is the intention of the parties hereto that this Article shall set forth the terms and conditions under which any letter(s) of credit required hereunder shall be held in trust.

2 If a jurisdiction of the United States will not permit the Company, in the statements required to be filed with its regulatory authority(ies), to receive full credit as admitted reinsurance for any Reinsurer's share of losses and reserves for premiums unearned, if any, the Company shall forward to the Reinsurer a statement of the Reinsurer's share of such losses and unearned premiums. Upon receipt of such statement, the Reinsurer shall promptly provide the Company with a "clean", unconditional, irrevocable and evergreen letter, or letters, of credit, in the amount specified in the statement submitted, with terms acceptable to Company and the regulatory authority(ies) having jurisdiction over the Company, issued or confirmed by a qualified United States institution.

3 The term "losses", as used in this Article, is defined as the sum of the following:

- a. All losses paid and allocated loss adjustment expenses paid by the Company but not yet recovered from the Reinsurer;
- b. Reserves for losses and allocated loss adjustment expenses outstanding;

and

- c. Reserves for losses incurred but not reported as determined by the Company.

4 The Reinsurer hereby agrees that the letter of credit shall be for at least one (1) year and shall provide for automatic extension of the letter of credit without amendment for one (1) year from the date of expiration of said letter or any future expiration date unless thirty (30) days prior to any expiration the issuing bank shall notify the Company by registered mail that the issuing bank elects not to consider the letter of credit renewed for any additional period. An issuing bank which is not acceptable to the regulatory authority(ies) having jurisdiction over the Company shall provide sixty (60) days notice to the Company prior to any expiration, and be confirmed in a manner and by a bank which is acceptable to the regulatory authority(ies) having jurisdiction over the Company.



5 Notwithstanding any other provision of this Agreement, the Company or its successors by operation of law including, without limitation, any liquidator, rehabilitator, receiver, or conservator may draw upon such credit at any time for one or more of the following purposes only:

a. To pay the Reinsurer's share or to reimburse the Company for the Reinsurer's share of any losses and unearned premiums, as stipulated in the statement submitted by the Company to the Reinsurer, which is due to the Company and not otherwise paid by the Reinsurer.

b. To make refund of any sum which is in excess of the actual amount required to fund the Reinsurer's share of any losses and unearned premiums, as stipulated in the statement submitted by the Company to the Reinsurer.

c. To withdraw, for the uses and purposes specified herein which remain executory after such withdrawal, the balance of such credit if the Company has received effective notice of non-renewal of the letter of credit and the Reinsurer's liability remains unliquidated and undischarged thirty (30) days prior to the expiry date of the letter of credit. The Company shall deposit the amount so withdrawn in a separate account in the name of the Company in any bank or trust company and apart from its general assets, in trust nevertheless for such uses and purposes specified above as may remain executory after such withdrawal and for any period after such expiry date.

d. To pay or reimburse itself for the Reinsurer's share of any other amounts the Company claims are due under this Agreement.

6 At annual intervals or more frequently as determined by the Company, but never more frequently than quarterly, the Company shall prepare a specific statement, for the sole purpose of amending the letter of credit, of the Reinsurer's share of any losses and unearned premiums. If the statement shows that the Reinsurer's share of losses plus unearned premiums exceeds the balance of credit as of the statement date, the Reinsurer shall, within thirty (30) days after receipt of notice of such excess, secure delivery to the Company of an amendment of the letter of credit increasing the amount of credit by the amount of such difference. If the statement shows, however, that the Reinsurer's share of losses plus unearned premiums is less than the balance of credit as of the statement date, the Company shall, within thirty (30) days after receipt of written request from the Reinsurer, release such excess credit by agreeing to secure an amendment to the letter of credit reducing the amount of credit available by the amount of such excess credit.

7 The letter of credit provided by the Reinsurer under this Article is subject to and governed by the laws of the State of Wisconsin, including, without limitation, Wis. Admin Code INS § 52.06, and the 2007 revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce (Publication 600) and, in the event of any conflict, the laws of the State of Wisconsin will control. If this credit expires during an interruption of business as described in Article 17 of said Publication 600, the bank hereby specifically agrees to effect payment.

8 The bank shall have no responsibility whatsoever in connection with propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to assure that withdrawals are made only upon the order of properly authorized representatives of the Company. The Company shall incur no obligation to the bank in acting upon the credit, other than as appears in the express terms thereof.

9 The rights and obligations of the Company and Reinsurer, as set forth in this Article, shall not be diminished in any manner whatsoever by the insolvency of any party hereto.

10 The Reinsurer shall have the option, in place of posting the required letter of credit, to elect to satisfy its obligations under this article on a “funds withheld” basis or through a reinsurance trust agreement, in each case as security for the payment of obligations hereunder, provided that such funds withheld and/or reinsurance trust are in compliance with all applicable regulatory requirements governing the Company, including but not limited to, Wis. Admin Code INS §§ 52.04 and 52.05 and any other requirements governing the Company as respects its allowance for taking credit for this reinsurance in its financial statements, and further provided that any such “funds withheld” are held by the Company subject to withdrawal by, and under control of, the Company in accordance with Wis. Admin Code INS § 52.04 and related regulations.

## **ARTICLE 11 TAXES**

The liability for taxes is addressed in Article 8. The Reinsurer is exempt from U.S. federal excise tax to the extent that it has in force a Closing Agreement between itself and the U.S. Internal Revenue Service.

## **ARTICLE 12 LOSS AND ALLOCATED LOSS ADJUSTMENT EXPENSES**

1 Reinsurance hereunder shall also apply to, and Reinsurer shall be responsible for its Proportionate Share of, Allocated Loss Adjustment Expenses. The term “Allocated Loss Adjustment Expenses” shall mean those expenditures incurred by the Company in connection with the investigation, adjustment, negotiation, resistance to, litigation or any other disposition of a claim, loss or legal proceeding and shall include but not be limited to all declaratory judgment expenses, legal expenses, court costs, pre and post judgment interest and delay damages. The term “Allocated Loss Adjustment Expenses” shall exclude any part of the office expenses of the Company and salaries of all officers and employees, but shall include salary charges and expenses for such staff adjusters, field persons, or other employees while diverted from their normal duties to the service of field adjustment.

2 It is understood that Allocated Loss Adjustment Expenses include only those expenses that are allocable to specific policies and claims covered under this Agreement. Any declaratory judgment expense shall be deemed to have been fully incurred on the same date as the original loss giving rise to the action, and shall be included as Allocated Loss Adjustment Expenses hereunder.

3 The Reinsurer shall assume and be liable for and pay on behalf of the Company, its Proportionate Share of all losses incurred in connection with the risks covered by this Agreement, including judgments (including interest thereon) and settlements in connection therewith.

4 All loss settlements that are made by the Company or made by any TPA and binding upon the Company, whether under strict policy conditions or by way of compromise, shall be unconditionally binding upon the Reinsurer at its Proportionate Share, and the Reinsurer shall benefit proportionately in all salvage and recoveries, with the exception of ex-gratia payments to be agreed by the Reinsurer prior in writing. A payment that is due to a compromise is not to be considered as ex-gratia payment.

5 The Reinsurer's share of losses, expense and loss recovery shall be carried into the monthly accounting for which provision is hereinafter made.

6 Should the Company be ordered or instructed by a regulatory agency of competent jurisdiction to take any action or refrain from taking any action with regard to any claim, the Reinsurer shall be bound by and shall follow the order or instructions of such regulatory agency as though Reinsurer were the object of such order or instruction.

7 In the event a verdict or judgment on a claim covered under the Company's Policy is reduced by any process other than by trial court, resulting in an ultimate saving to the Company, or a judgment is reversed outright, the expenses incurred in securing such reduction or reversal shall be pro-rated between the Company and the Reinsurer in the proportion that each benefits from such reduction or reversal, and expenses incurred up to the time of the original verdict or judgment shall be pro-rated in proportion to each party's interest in such original verdict or judgment.

### **ARTICLE 13**

#### **LOSS IN EXCESS OF POLICY LIMITS/EXTRA CONTRACTUAL OBLIGATIONS**

1 In the event the Company pays or is held liable to pay an amount of loss in excess of its policy limit, but otherwise within the terms of its Policy (hereinafter called "loss in excess of policy limits") or any punitive, exemplary, compensatory or consequential damages, other than loss in excess of policy limits (hereinafter called "extra contractual obligations") because of alleged or actual bad faith or negligence on its part in rejecting a settlement within policy limits, or in discharging its duty to defend or prepare the defense in the trial of an action against its policyholder, or in discharging its duty to prepare or prosecute an appeal consequent upon such an action, or in otherwise handling a claim under a Policy subject to this Agreement, the loss in excess of policy limits and/or the extra contractual obligations shall be added to the Company's loss, if any, under the Policy involved, and the entire sum thereof shall be reinsured under this Agreement at the Reinsurer's Proportionate Share.

2 An extra contractual obligation shall be deemed to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

3 Notwithstanding anything stated herein, this Agreement shall not apply to any loss incurred by the Company as a result of any fraudulent and/or criminal act which has been

finally determined by a court of competent jurisdiction, after the exhaustion of all appeals, by any officer or director of the Company acting individually or collectively or in collusion with any individual, corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

4 In no event shall coverage be provided under this Article to the extent such coverage is not permitted under Wisconsin law.

#### **ARTICLE 14 GENERAL CONDITIONS**

1 The amount of the Reinsurer's liability hereunder shall not be increased by reason of the inability of the Company to collect from any other reinsurers, whether specific or general, any amounts which may have become due from them whether such inability arises from the insolvency of such other reinsurers or otherwise.

2 The Company is at liberty to purchase treaty and facultative reinsurance inuring to the benefit of this Agreement.

3 Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third parties or any persons not parties to this reinsurance Agreement.

#### **ARTICLE 15 CLAIMS**

Reporting of claims shall be handled via bordereaux stating the amount claimed and allocated loss adjustment expenses.

All loss settlements by the Company including compromise settlements shall be binding upon the Reinsurers, providing such settlements are within the terms and conditions of the original policies and/or contracts and within the terms and conditions of this Agreement.

However, notwithstanding anything to the contrary contained in this Agreement it is a condition precedent to Reinsurers' liability under this Contract that:

a. The Company shall give to the Reinsurer(s) immediate written notice of any claim, loss and/or suit made or brought against the Company or the Administrator in respect of the business reinsured hereby, or of its being notified of any circumstances which could give rise to such a claim.

b. The Company shall furnish the Reinsurer(s) with all information known to the Company in respect of claims, losses and/ or suits or possible claims, losses and/or suits notified in accordance with a) above and shall thereafter keep the Reinsurer(s) fully informed as regards all developments relating thereto as soon as reasonably practicable.

c. At the request of the Reinsurer the Company shall co-operate with the Reinsurer and any persons designated by the Reinsurer in the investigation, adjustment and

settlement of any loss notified to the Reinsurer. The Reinsurer shall bear the cost of its own involvement.

When the amount due from the Reinsurer exceeds \$250,000, the amount will, at the option of the Company, be paid by the Reinsurer by special remittance immediately upon receipt of the loss advice and further supporting documentation verifying the claim in a manner satisfactory to the Reinsurer. The Company or the TPA will provide special notification of claims valued at \$250,000 (U.S.) or greater. Any such special remittance will be credited to the Reinsurer with the next statement of account.

## **ARTICLE 16 DELAY, OMISSION OR ERROR**

Any inadvertent delay, omission or error shall not be held to relieve any party hereto from any liability which would attach to it hereunder if such delay, omission or error had not been made, providing such delay, omission or error is rectified as soon as possible after discovery.

## **ARTICLE 17 INSPECTION**

The Reinsurer or its designated representatives shall have access at all reasonable times to the books and records of the Company at the Company's head office or wherever such books and records may be located for the purpose of obtaining information concerning this Agreement and/or the Business ceded hereunder and/or the adjustment of a loss applying to this Agreement. The Reinsurer or its designated representatives may arrange for copies to be made (at the Reinsurer's expense) of any of the Company's books and records containing such information.

The Reinsurer shall advise the Company of its intention to exercise its right of inspection at least 48 hours in advance.

The Reinsurer's right of inspection under this Article shall continue in force for as long as either party has any liability or potential liability under this Agreement or for the duration of the obligatory retention policy in the state of domicile of the Company, whichever is longer.

For the avoidance of doubt, "books and records" means all books and records held in whatever format, including electronically, and the Company shall use its best efforts to enable the Reinsurer to access its books and records in whatever format they are held.

### **Inspection of the Administrator:**

The Company shall make every effort and liaise with the Administrator to enable and allow the Reinsurer to visit, inspect, examine, audit and verify at the Administrator's offices or elsewhere any of the properties, accounts, files, documents, books, reports, work papers and other records relating to Business Reinsured under this Agreement and pursuant to the Program Administrator's Agreement (as per Exhibit 1).

**ARTICLE 18**  
**HONORABLE UNDERTAKING**

This Agreement shall be construed as an honorable undertaking between the parties hereto not to be defeated by technical legal constructions, it being the intention of this Agreement that the fortunes of the Reinsurer shall follow the fortunes of the Company.

**ARTICLE 19**  
**ARBITRATION**

1 Except where the Company is subject to a delinquency proceeding under the rehabilitation and liquidation laws applicable to insurers in the Company's state of domicile, and as a condition precedent to any right of action hereunder, any irreconcilable dispute between the parties to this Agreement will be submitted for decision to a board of arbitration composed of two arbitrators and an umpire meeting in Milwaukee, Wisconsin.

2 Arbitration shall be initiated by the delivery of a written notice of demand for arbitration by one party to the other within a reasonable time after the dispute has arisen.

3 The members of the board of arbitration shall be active or former disinterested officials or professionals of insurance or reinsurance companies, or underwriters at Lloyd's, London, or professional advisors serving within the insurance or reinsurance industry, not under the control or management of either party to this Agreement. Each party shall appoint its arbitrator, and the two arbitrators shall choose an umpire before instituting the hearing. If the respondent fails to appoint its arbitrator within four (4) weeks after being requested to do so by the claimant, the latter shall also appoint the second arbitrator. If the two arbitrators are unable to agree upon the third arbitrator within thirty (30) days of their appointment, they shall prepare a slate of six (6) candidates, three (3) from each arbitrator, and then petition the American Arbitration Association to select the third arbitrator from this slate.

4 The claimant shall submit its initial brief within forty-five (45) days from appointment of the umpire. The respondent shall submit its brief within forty-five (45) days thereafter, and the claimant may submit a reply brief within thirty (30) days after filing of the respondent's brief.

5 The board shall make its decision with regard to the custom and usage of the insurance and reinsurance business. The board shall issue its reasoned decision in writing based upon a hearing in which evidence may be introduced without following strict rules of evidence but in which cross-examination and rebuttal shall be allowed. The board shall make its decision within sixty (60) days following the termination of the hearings unless the parties consent to an extension. The majority decision of the board shall be final and binding upon all parties to the proceeding. Judgment may be entered upon the award of the board in any court having jurisdiction.

6 Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the expense of the umpire. The remaining costs of the arbitration proceedings shall be allocated by the board.

**ARTICLE 20**  
**SERVICE OF SUIT**

1 It is agreed that in the event of the failure of the Reinsurer to pay any amount claimed to be due hereunder, the Reinsurer, at the request of the Company, will submit to the jurisdiction of a federal court of competent jurisdiction within the State of Wisconsin, United States of America. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's right to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District court or to seek a transfer of a case to another court as permitted by the laws of the United States of America or the State of Wisconsin. It is further agreed that service of process in any such suit may be made upon F&L Corp., 777 East Wisconsin Avenue, Milwaukee, WI 53202; and in any suit instituted against the Reinsurer upon this Agreement, the Reinsurer will abide by the final decision of such court or of any reviewing court in the event of an appeal.

2 Pursuant to any statute of any state, territory or district of the United States of America which makes provision therefore, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Agreement, and hereby designates the above named as the firm or person to whom the said officer is authorized to mail such process or a true copy thereof.

**ARTICLE 21**  
**CHOICE OF LAW**

This Agreement shall be governed by the Laws of the State of Wisconsin, U.S.A.

**ARTICLE 22**  
**INSOLVENCY**

1 In the event of the insolvency of the Company, this reinsurance shall be payable directly to the Company, or to its liquidator, receiver, conservator or statutory successor on the basis of the liability of the Company without diminution because of the insolvency of the Company or because the liquidator, receiver, conservator or statutory successor of the Company has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Company shall give written notice to the Reinsurer of the pendency of a claim against the Company which would involve a possible liability on the part of the Reinsurer, indicating the policy or bond reinsured, within thirty (30) days after such claim is filed in the conservation or liquidation proceeding or in the receivership. It is further agreed that during the pendency of such claim the Reinsurer may investigate such claim and interpose, at their own expense, in the proceeding where such a claim is to be adjudicated, any defense or defenses that they may deem available to the Company or its liquidator, receiver, conservator, or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Company as part of the expense of

conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

2 Where two or more Reinsurers are involved in the same claim and a majority in interest elects to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of the Agreement as though such expense had been incurred by the Company.

3 The reinsurance shall be payable by the Reinsurer to the Company or to its liquidator, receiver, conservator, or statutory successor, except as provided by Section 4118(a) of the New York Insurance law or except (a) where the Agreement specifically provides another payee of such reinsurance in the event of the insolvency of the Company, or (b) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy(ies) obligations of the Company as direct obligations of the Reinsurer to the payee under such Policy(ies) and in substitution for the obligations of the Company to the payees.

4 In the event of the insolvency of any company or companies included in the designation of "Company", this clause shall apply only to the insolvent company of companies.

### **ARTICLE 23 SALVAGE AND SUBROGATION**

1 In the event of the payment of any indemnity by the Reinsurer under this Agreement, the Reinsurer shall be subrogated, to the extent of such payment, to all of the rights of the Company against any person or entity legally responsible for damages of the loss. The Company is obligated to and agrees to enforce all such rights to salvage and subrogation relating to a loss and to prosecute all claims arising out of such rights. In the event that the Company refuses or neglects to do so, the Reinsurer is hereby authorized and empowered, but not obligated, to bring any appropriate action in the name of the Company or their policyholders or otherwise to enforce and prosecute such rights.

2 From any amount recovered by subrogation, salvage or other means, there shall first be deducted the expenses incurred in effecting the recovery. The balance shall then be used to reimburse any excess carriers in the inverse order to that in which their respective liabilities attached, before being used to reimburse the Company for its primary loss.

### **ARTICLE 24 ASSESSMENTS, ASSIGNMENTS, FINES AND PENALTIES**

This Agreement shall apply to risks assigned to the Company under any assigned risk or similar plan if, in the reasonable judgment of the Company, such risks were assigned to the Company because of the business written and reinsured hereunder. Should it be determined, in the Company's sole discretion, that the Administrator, or any agent with whom assigned risks are also allocated under a specific assigned risk plan with the Administrator, is unwilling or unable to fulfill policyholder obligations under such assigned risk plan, the Company may elect alternative means to fulfill the policyholder obligations under the assigned risk plan. Any cost or expense arising out of or related to the administration of the assigned risks shall be paid by the Reinsurer under this Agreement. Reinsurer shall be responsible for its Proportionate Share of



any fines or penalties incurred by the Company related to the Policies, except to the extent that such were incurred due to the gross negligence or willful misconduct of Company.

## **ARTICLE 25 OFFSET**

The Reinsurer may offset any balance(s), whether on account of premiums, commissions, claims, losses, adjustment expense, salvage or any other amount(s) due from one party to the other under this Agreement or under any other agreement heretofore or hereafter entered into between the Company and the Reinsurer, whether acting as assuming Reinsurer or as ceding company; provided, however, that in the event of insolvency of the Company, offsets shall be allowed in accordance with the provisions of Wisconsin law.

## **ARTICLE 26 MISCELLANEOUS**

1 All notices required to be given hereunder shall be deemed to have been duly given by (i) personally delivering such notice in writing, (ii) mailing it, Certified Mail, return receipt requested, with postage prepaid, or (iii) sending it via prepaid overnight delivery service. Any party may change the address to which notices and other communications hereunder are to be sent to such party by giving the other party written notice thereof in accordance with this provision.

2 A waiver by the Company or the Reinsurer of any breach or default by the other party under this Agreement shall not constitute a continuing waiver or a waiver by the Company or the Reinsurer of any subsequent act in breach or of default hereunder.

3 Headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

4 This Agreement shall be interpreted in accordance with the laws of the State of Wisconsin without regard to any conflict or choice of law principles. All provisions of this Agreement are intended to be enforced to the fullest extent permitted. Accordingly, should a court of competent jurisdiction or arbitration panel determine that the scope of any provision is too broad to be enforced as written, the parties intend that the court or arbitration panel should reform the provision to such narrower scope as it determines to be enforceable under present or future law; and such provision shall be fully severable.

5 When reference is made in this Agreement to a paragraph, section or article, such reference will be to a paragraph, section or article of this Agreement unless otherwise clearly indicated to the contrary. Whenever the words "include," "includes" or "including" are used in this Agreement they will be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "herewith" and words of similar import will, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement. The meaning assigned to each term used in this Agreement will be equally applicable to both the singular and the plural forms of such term, and words denoting any gender will include all genders.

6 This Agreement constitutes the entire agreement between the parties with respect to the business reinsured hereunder, and there are no understandings between the parties other than as expressed in this Agreement. This Agreement may be amended or modified only in writing, signed by both parties.

IN WITNESS WHEREOF, the parties hereto, by their authorized representatives, have executed this Quota Share Reinsurance Agreement as evidenced by their respective signatures.

**GLENCAR INSURANCE COMPANY**

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

Attest: \_\_\_\_\_  
Name  
  
\_\_\_\_\_  
Title

And in Hannover, Germany this \_\_\_\_ day of \_\_\_\_\_, 2018.

**HANNOVER RUECK SE**

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

Attest: \_\_\_\_\_  
Name  
  
\_\_\_\_\_  
Title