

LL Draft 9/01/16

STOCK PURCHASE AGREEMENT

DATED AS OF _____, 2016

BY AND BETWEEN

PREMIER SERVICING, LLC

(THE "*BUYER*"),

AND

GENERAL CASUALTY COMPANY OF WISCONSIN

(THE "*SELLER*")

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STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this “*Agreement*”) is dated as of _____, 2016 by and between Premier Servicing, LLC, a Delaware Limited Liability Company (the “*Buyer*”), and General Casualty Company of Wisconsin, a Wisconsin domestic stock insurance company (the “*Seller*”). Buyer and Seller are referred to together as the “*Parties*.”

RECITALS

WHEREAS, Seller is the owner of [REDACTED] shares, par value \$ [REDACTED] per share (the “*Shares*”), of common stock of Southern Guaranty Insurance Company, Inc., a Wisconsin domestic stock insurance company (“*SGIC*”), which Shares constitute all of the issued and outstanding shares of SGIC’s capital stock; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all of the Shares, subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be bound hereby, the Parties agree as follows:

ARTICLE I DEFINITIONS

“*Acceptable Financial Assets*” shall mean only the following kinds of assets: (i) cash and Cash Equivalents; and (ii) existing deposits of cash, securities or other assets with state insurance departments listed on Schedule 1.01.

“*Administrative Services Agreement*” shall have the meaning ascribed to it in Section 8.7 of this Agreement.

“*ADSP*” shall have the meaning ascribed to it in Section 7.2(b) of this Agreement.

“*Affiliate*” means, with respect to any Person, at any relevant time, any other Person controlling, controlled by or under common control with such Person. For the purpose of this definition, the term “control” (including with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or partnership of other ownership interests or by contract or otherwise.

“*Agent Contracts*” shall mean those agreements, contracts or other arrangements between SGIC (or SGIC and any of its Affiliates), and an agent or producer pursuant to which insurance policies are produced on behalf of SGIC.

“*Agreement*” shall have the meaning ascribed to it in the introductory paragraph to this Agreement.

“*AGUB*” shall have the meaning ascribed to it in Section 7.2(b) of this Agreement.

“*Applicable Law*” shall mean any domestic or foreign federal, state or local statute, law, ordinance or code, or any written rules, regulations or administrative interpretations issued by any Governmental Authority pursuant to any of the foregoing, and any order, writ, injunction, directive, judgment or decree of a court of competent jurisdiction applicable to the Parties hereto.

“*Applicable Tax Law*” shall have the meaning ascribed to it in Section 4.22(a)(i) of this Agreement.

“*Approvals*” shall mean Buyer Approvals and Seller Approvals.

“*Asset Allocation*” shall have the meaning ascribed to it in Section 7.2(b) of this Agreement.

“*Asset Transfer*” shall have the meaning ascribed to it in Section 3.2 of this Agreement.

“*Assets and Properties*” shall mean all assets or properties of every kind, nature, character, and description (whether real, personal, or mixed, whether tangible or intangible, whether absolute, accrued, contingent, fixed, or otherwise, and wherever situated) as now operated, owned, or leased, including without limitation cash, cash equivalents, securities, accounts and notes receivable, real estate, equipment, furniture, fixtures, goodwill, and going concern value.

“*Authorized State*” shall mean each state as of the Closing Date in which SGIC holds an Insurance License.

“*Books and Records*” shall mean originals or copies of all Tax Returns filed since January 1, 2013 (or, for any such SGIC Tax Return filed as a member of any consolidated, combined, unitary or similar group, Tax Returns on a pro forma basis for SGIC used in the preparation of such Tax Returns) Insurance Licenses, minute books, stock certificates and stock transfer ledgers, in each case relating to SGIC and in the possession or control of Seller, SGIC or any of their respective Affiliates; provided, however, that Seller may redact any confidential information from the Books and Records that does not pertain to SGIC.

“*Business*” shall mean any and all insurance-related business of any kind or nature conducted by or through SGIC prior to the Closing; provided that the Parties acknowledge that SGIC has ceased issuing insurance policies.

“*Business Day*” shall mean a day other than Saturday, Sunday, or any day on which the principal commercial banks located in the State of New York are authorized or obligated to close under Applicable Laws.

“*Buyer*” shall have the meaning ascribed to it in the introductory paragraph to this Agreement.

“*Buyer Approvals*” shall have the meaning ascribed to it in Section 5.5 of this Agreement.

“Buyer Disclosure Schedules” shall have the meaning set forth in Article V of this Agreement.

“Cash Equivalent” shall mean United States Treasury obligations or senior corporate debt obligations issued by entities rated “AAA” or its equivalent by any one or more nationally recognized organizations, in each case having a remaining term to maturity as of the last Business Day preceding the Closing Date of less than ninety (90) days.

“CERCLA” shall mean the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

“Claimant” shall have the meaning ascribed to it in Section 11.2 of this Agreement.

“Closing” shall have the meaning ascribed to it in Section 2.3(a) of this Agreement.

“Closing Date” shall have the meaning ascribed to it in Section 2.3(a) of this Agreement.

“Closing Effective Time” means 11:59:59 p.m. Eastern Time on the Closing Date.

“Code” shall have the meaning ascribed to it in Section 4.22(a)(ii) of this Agreement.

“Confidential Data” shall mean all non-public information concerning SGIC, Seller or its Affiliates or the Business furnished to Buyer, or concerning Buyer or its Affiliates provided to Seller or SGIC, in connection with this Agreement or the transactions contemplated hereby.

“Contracts” shall have the meaning ascribed to it in Section 4.8(e) of this Agreement.

“Deficiency” shall mean any nonrenewal or suspension or any material limitation, restriction or impairment (other than those that apply generally to property casualty insurers currently doing business in the applicable state on an admitted basis or excess and surplus lines basis, as applicable) of an Insurance License that restricts the ability of SGIC to conduct business under such Insurance License with respect to any line(s) of authority set forth therein, or permitted by, such Insurance License as of the date hereof; provided, however, that any such nonrenewal, suspension, limitation, restriction or impairment caused by the announcement or pendency of the transactions contemplated by this Agreement shall not be a Deficiency hereunder.

“Dispute Notice” shall have the meaning ascribed to it in Section 2.4(b) of this Agreement.

“Dispute Period” shall have the meaning ascribed to it in Section 2.4(b) of this Agreement.

“Disputed Items” shall have the meaning ascribed to it in Section 2.4(b) of this Agreement.

“Effective Time” means 12:00:00 a.m. on the day after the Closing Date.

“Election Form” and **“Election Forms”** shall have the meanings ascribed to such terms in Section 7.2(b) of this Agreement.

“Environmental Law” shall mean any federal, state or local law, statute, rule, order, directive, judgment or regulation, or the common law relating to the environment, occupational health and

safety, or exposure of Persons or property to Materials of Environmental Concern, including any statute, regulation, administrative decision or order pertaining to: (i) the presence of or the treatment, storage, disposal, generation, transportation, handling, distribution, manufacture, processing, use, import, export, labeling, recycling, registration, investigation or remediation of Materials of Environmental Concern or documentation related to the foregoing; (ii) air, water and noise pollution; (iii) groundwater and soil contamination; (iv) the release, threatened release, or accidental release into the environment, the workplace or other areas of Materials of Environmental Concern, including emissions, discharges, injections, spills, escapes or dumping of Materials of Environmental Concern; (v) transfer of interests in or control of real property which may be contaminated; (vi) community or worker right-to-know disclosures with respect to Materials of Environmental Concern; (vii) the protection of wild life, marine life and wetlands, and endangered and threatened species; (viii) storage tanks, vessels, containers, abandoned or discarded barrels and other closed receptacles; and (ix) health and safety of employees and other persons. As used above, the term “release” shall have the meaning set forth in CERCLA.

“**Estimated Purchase Price**” shall have the meaning ascribed to it in Section 2.3(b) of this Agreement.

“**Final Adjustment Payment**” shall have the meaning ascribed to it in Section 2.4(c) of this Agreement.

“**Final Consolidated Return**” shall have the meaning ascribed to it in Section 7.4(a)(i) of this Agreement.

“**Form A**” shall mean the filing made by Buyer with the Wisconsin Office of the Commissioner of Insurance to seek approval of the transactions contemplated by this Agreement.

“**Governmental Authority**” means any court, arbitrator, department, commission, board, bureau, agency, entity, instrumentality or other body, whether federal, state, local, foreign or other.

“**Indemnifiable Claim**” shall have the meaning ascribed to it in Section 11.2 of this Agreement.

“**Indemnifying Party**” shall have the meaning ascribed to it in Section 11.2 of this Agreement.

“**Independent Accounting Firm**” shall have the meaning ascribed to it in Section 2.4(b) of this Agreement.

“**Insurance Liabilities**” shall mean Liabilities of SGIC arising prior to or after the Closing resulting from or related to (i) all treaties, policies, binders, slips or other contracts of insurance or assumed reinsurance issued or entered into by or on behalf of SGIC prior to the Closing Effective Time, (ii) all renewals, if any, of such policies, binders, slips or other contracts of insurance that are issued on or after the Closing Effective Time, to the extent that such renewals are required by applicable Law or under contractual commitments of SGIC entered into prior to the Closing Effective Time, (iii) all policies, binders, slips or contracts of insurance that are required to be issued or accepted on or after the Closing Effective Time by or on behalf of SGIC as a result of assignments from Involuntary Mechanisms (as defined below) to the extent such assignments are directly attributable to the business described in (i) or (ii) above; and (iv)

guaranty fund assessments and compensation payable to producers attributable to the business described in (i) or (ii) above. For purposes of this Agreement, "Involuntary Mechanisms" means any assigned risk plan, fair plan, board, bureau, or other government mandated program or underwriting facility to the extent that any such mechanism assigns to SGIC to underwrite, on a mandatory basis, property and casualty business.

"*Insurance Licenses*" shall have the meaning ascribed to it in Section 4.17 of this Agreement.

"*Insurance Policies*" shall have the meaning ascribed to it in Section 4.15 of this Agreement.

"*Interim Balance Sheet*" shall have the meaning ascribed to it in Section 4.5(a) of this Agreement.

"*Investment Assets*" shall mean the assets owned by SGIC and shown on SGIC's Statutory Financial Statement for the quarter ended as of June 30, 2016 or assets acquired by SGIC after June 30, 2016 as replacements of those assets.

"*Knowledge*" shall mean, as to any Person, such Person is actually aware of such fact or other matter after conducting a reasonable inquiry as appropriate under the circumstances.

"*Knowledge of Seller*" or similar words, means the Knowledge of _____,
_____ and _____.

"*Liabilities*" shall mean any and all debts, losses, liabilities, offsets, claims, damages, fines, commitments, obligations, payments and accounts payable (including, without limitation, those arising out of any award, demand, assessment, settlement, judgment or compromise relating to any action), and accruals for out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees and expenses incurred in investigating, preparing or defending any action) of any kind or nature whatsoever, whether absolute, accrued, contingent or other, and whether known or unknown.

"*Liens*" shall have the meaning ascribed to it in Section 4.12 of this Agreement.

"*Loss*" and/or "*Losses*" shall have the meaning ascribed to it in Section 11.1(a) of this Agreement.

"*Market Value*" shall mean (i) in the case of securities (other than Cash Equivalents) listed on an exchange or in an over-the counter market, the closing price on such exchange or market (or the average of the closing bid and asked prices if there is no closing price) plus all accrued but unpaid interest on such securities through the last Business Day preceding the Closing Date if such amount is not already reflected in such closing price (or such bid and asked prices), (ii) in the case of cash or Cash Equivalents, the face amount thereof, and (iii) in the case of short term treasuries, the fair market value of such securities as reported by Bloomberg on the Closing Date.

"*Material Adverse Effect*" shall mean any condition, change or effect (or series of related conditions, changes or effects) that individually or in the aggregate is substantially or significantly different from the usual and customary norms of the condition specified, or which would reasonably be expected to be materially adverse to (i) the business, operations, condition

(financial or otherwise), or results of operations of the Person specified; (ii) the validity or enforceability of this Agreement; or (iii) the ability of either of the Parties to perform their obligations under this Agreement or any Related Agreement; provided, however, that a Material Adverse Effect shall not include the effect of any event, change or occurrence arising out of or attributable to (i) general economic conditions (whether as a result of recession, acts of war, terrorism, armed conflicts or otherwise); (ii) the effects of changes that are generally applicable to the insurance industry in general, including, but not limited to, circumstances, changes or effects in accounting or reserving principles, practices or conventions or Applicable Laws, to the extent such changes do not materially disproportionately affect SGIC relative to other property and casualty insurance companies; or (iii) the pendency, announcement or performance of the transactions contemplated herein.

“Materials of Environmental Concern” means any: pollutants, contaminants or hazardous substances (as such terms are defined under CERCLA), pesticides (as such term is defined under the Federal Insecticide, Fungicide and Rodenticide Act), solid wastes and hazardous wastes (as such terms are defined under the Resource Conservation and Recovery Act), chemicals, other hazardous, radioactive or toxic materials, oil, petroleum and petroleum products or derivatives (and fractions thereof), or any other material (or article containing such material) listed or subject to regulation under any law, statute, rule, regulation, order or directive due to its potential, directly or indirectly, to harm the environment or the health of humans or other living beings.

“North Carolina Property” shall have the meaning ascribed to it in Section 4.11 of this Agreement.

“Notice Period” shall have the meaning ascribed to it in Section 2.4(b) of this Agreement.

“Parties” shall mean Seller and Buyer and each individually shall be referred to as a ***“Party”***.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization, governmental, judicial or regulatory body, business unit, division or other entity.

“Post-Effective Period” shall have the meaning ascribed to it in Section 4.22(a)(iii) of this Agreement.

“Pre-Effective Period” shall have the meaning ascribed to it in Section 4.22(a)(iv) of this Agreement.

“Purchase Price” shall have the meaning ascribed to it in Section 2.2 of this Agreement.

“Purchase Price Adjustment Report” shall have the meaning ascribed to it in Section 2.4(a) of this Agreement.

“Quota Share Reinsurance Agreement” shall have the meaning set forth in Section 8.14.

“Regulatory Filings” shall have the meaning ascribed to it in Section 4.6 of this Agreement.

“Reinsurance Agreements” shall have the meaning ascribed to it in Section 4.8(b) of this Agreement.

“Related Agreements” shall mean the Quota Share Reinsurance Agreement and the Administrative Services Agreement.

“SAP” shall mean the statutory accounting practices applicable to SGIC under Applicable Law and/or required or permitted by the insurance regulatory authorities in the State of Wisconsin.

“Schedule” has the meaning set forth in Article IV of this Agreement.

“Section 338(h)(10) Election” shall have the meaning ascribed to it in Section 7.2(a) of this Agreement.

“Section 338(h)(10) Election Taxes” shall have the meaning ascribed to it in Section 7.2(a) of this Agreement.

“Securities Act” means the Securities Act of 1933 as amended.

“Seller” shall have the meaning ascribed to it in the introductory paragraph of this Agreement.

“Seller Approvals” shall have the meaning ascribed to it in Section 4.21 of this Agreement.

“Seller Disclosure Schedules” has the meaning set for in Article IV of this Agreement.

“Seller Group” shall have the meaning ascribed to it in Section 4.22(a)(v) of this Agreement.

“Settlement Date” shall have the meaning ascribed to it in Section 2.4(c) of this Agreement.

“SGIC” shall have the meaning ascribed to it in the recitals to this Agreement.

“Shares” shall have the meaning ascribed to it in the recitals to this Agreement.

“Statutory Statements” shall have the meaning ascribed to it in Section 4.5(a) of this Agreement.

“Straddle Period” shall have the meaning ascribed to it in Section 4.22(a)(vi) of this Agreement.

“Surplus Amount” shall mean an amount equal to the Market Value as of the close of business on the Business Day immediately preceding the Closing Date of the Acceptable Financial Assets owned by SGIC on the Closing Date after taking into effect the transactions and transfers contemplated pursuant to the Quota Share Reinsurance Agreement.

“Survival Period” shall have the meaning ascribed to it in Section 10.3(a) of this Agreement.

“Tax” or “Taxes” shall have the meaning ascribed to it in Section 4.22(a)(vii) of this Agreement.

“Tax Authority” shall have the meaning ascribed to it in Section 4.22(a)(viii) of this Agreement.

“Tax Period” shall have the meaning ascribed to it in Section 4.22(a)(ix) of this Agreement.

“*Tax Proceeding*” shall have the meaning ascribed to it in Section 7.4(d)(i) of this Agreement.

“*Tax Records*” shall have the meaning ascribed to it in Section 7.4(b) of this Agreement.

“*Tax Returns*” shall have the meaning ascribed to it in Section 4.22(a)(x) of this Agreement.

“*Transfer Taxes*” shall have the meaning ascribed to it in Section 7.5 of this Agreement.

“*Treasury Regulations*” shall have the meaning ascribed to it in Section 4.22(a)(xi) of this Agreement.

ARTICLE II SALE AND PURCHASE

Section 2.1. Purchase by Buyer. Subject to the terms and conditions set forth in this Agreement, Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, the Shares.

Section 2.2. Purchase Price. The total aggregate consideration for the Shares purchased by Buyer from Seller (the “*Purchase Price*”) shall be an amount equal to the sum of (i) \$ [REDACTED] multiplied by the number of Authorized States, excluding any state as to which there is a Deficiency as of the Closing Date, and (ii) the Surplus Amount.

Section 2.3. Closing.

(a) The closing of the transactions contemplated herein (the “*Closing*”) will take place, assuming satisfaction or waiver of each of the conditions set forth in Article VIII and Article IX hereof, at the offices of Seller, on the date that is the last Business Day of the month in which all Approvals have been obtained so long as the last such Approval shall have been obtained at least five (5) Business Days prior to such last Business Day of the month, or such other place or such other date as mutually agreed upon between the Parties (the “*Closing Date*”). At the option of the Parties, documents to be delivered at Closing may be delivered electronically, and the delivery of the original documents shall be made promptly after the Closing Date. The Parties agree that the Closing and the purchase and sale of the Shares shall be effective as of the Closing Effective Time.

(b) No later than three (3) Business Days prior to the Closing Date, Seller shall deliver to Buyer a statement setting forth the calculation of the estimated Purchase Price (the “*Estimated Purchase Price*”). At the Closing, (i) the Parties shall deliver the documents and certificates required to be delivered by Article VIII and Article IX hereof; (ii) the Parties shall provide proof or indication of the satisfaction or waiver of each of the conditions set forth in Article III and Article IX hereof; (iii) Seller shall deliver, or cause to be delivered, to Buyer, all of the Shares, together with executed consents, terminations and assignments, including, without limitation, assignments of the certificates representing the Shares and other instruments of consent and conveyance in form and substance reasonably satisfactory to Buyer, sufficient to convey to Buyer good and marketable title to the Shares and to preserve the Assets and Properties of SGIC; and (iv) Buyer shall pay Seller, in cash, the amount of the Purchase Price,

which shall be remitted by Buyer to Seller by wire transfer of immediately available funds to an account designated by Seller to Buyer at least two (2) Business Days prior to the Closing Date.

Section 2.4. Post-Closing Adjustments.

(a) Within forty five (45) days after the Closing Date, Buyer shall deliver to Seller a report (the "**Purchase Price Adjustment Report**"), showing in detail its final determination of the Purchase Price, together with any documents substantiating the Purchase Price proposed in the Purchase Price Adjustment Report. The Purchase Price Adjustment Report shall be prepared using the same format and the same methodologies used in preparing the statement of the Estimated Purchase Price referred to in Section 2.3(b) of this Agreement and shall clearly set forth and describe any variations between the Estimated Purchase Price and Buyer's calculation of the Purchase Price (or any figures used by Buyer in calculating the same).

(b) Within forty five (45) days after its receipt of the Purchase Price Adjustment Report, or such other time as is mutually agreed in writing by the Parties (the "**Notice Period**"), Seller shall deliver in writing to Buyer either (i) its agreement with the calculation of the Purchase Price as set forth in the Purchase Price Adjustment Report or (ii) its dispute thereof, specifying in reasonable detail the nature of its dispute (such items in dispute, the "**Disputed Items**," and such notice of the Disputed Items, the "**Dispute Notice**"). If Seller fails to deliver to Buyer a Dispute Notice within the Notice Period, then the Purchase Price as set forth in the Purchase Price Adjustment Report shall be final and binding on the Parties and shall constitute the final Purchase Price. If Seller delivers to Buyer a Dispute Notice prior to the expiration of the Notice Period, then each Party shall cooperate and shall cause its representatives to cooperate with the other Party and its representatives in good faith to seek to resolve promptly the Disputed Items. Any Disputed Items that are agreed to in writing by Buyer and Seller within forty five (45) days of receipt of the Dispute Notice by Buyer, or such other time as is mutually agreed in writing by Buyer and Seller (the "**Dispute Period**"), shall be final and binding upon Buyer and Seller and become part of the calculation of the Purchase Price. If at the end of the Dispute Period, Buyer and Seller have failed to reach agreement with respect to any Disputed Items, then such Disputed Items shall be promptly submitted to an independent certified public accounting firm of national standing and reputation, which firm is not an independent auditor for either Buyer or Seller (an "**Independent Accounting Firm**") and is jointly selected and retained by Buyer and Seller. If Buyer and Seller are unable to select an Independent Accounting Firm within ten (10) days after the expiration of the Dispute Period, then either Buyer or Seller may request the American Arbitration Association to appoint, within ten (10) Business Days from the date of such request, an Independent Accounting Firm with significant relevant experience in the area(s) in dispute. The Independent Accounting Firm may consider only those Disputed Items that Buyer and Seller have been unable to resolve within the Dispute Period, and must resolve the Disputed Items in accordance with the terms and provisions of this Agreement. Each Party may submit a written statement of its position to the Independent Accounting Firm within five (5) Business Days of its appointment, with a copy of such written statement simultaneously sent to the other Party. Neither Party shall have any ex-parte communication with the Independent Accounting Firm. The determination of the Independent Accounting Firm must neither be more favorable to Buyer than reflected in the Purchase Price Adjustment Report nor more favorable to Seller than reflected in the Dispute Notice (excluding the allocation of expenses incurred in connection with the resolution of the Disputed Items). The

Independent Accounting Firm shall deliver to Buyer and Seller, as promptly as practicable and in any event within thirty (30) days after its appointment, a written report setting forth the resolution of each Disputed Item and the resulting final Purchase Price, determined in accordance with the terms of this Agreement. The conclusions in such report shall be final and binding upon Buyer and Seller. The thirty (30) day period for delivering the written report may be extended (i) by the mutual written consent of Buyer and Seller or (ii) by the Independent Accounting Firm for up to thirty (30) days for good cause shown. Each of Buyer and Seller shall bear all of the fees and costs incurred by it in connection with the resolution of the Disputed Items, except that all fees and expenses relating to the foregoing work by the Independent Accounting Firm shall be borne by Buyer and Seller, as the case may be, in inverse proportion as they may prevail on the final calculation of the Purchase Price and the remainder of such expenses shall be borne by the other Party, which proportionate allocation shall also be determined by the Independent Accounting Firm and be included in the Independent Accounting Firm's written report.

(c) If the Estimated Purchase Price exceeds the final Purchase Price, then Seller shall pay to Buyer or, if the final Purchase Price exceeds the Estimated Purchase Price, then Buyer shall pay to Seller, an amount in United States dollars equal to the absolute value of the difference between the Estimated Purchase Price and the final Purchase Price (the "**Final Adjustment Payment**"). The Final Adjustment Payment shall be due and payable on the second (2nd) Business Day after Buyer and Seller agree on the Purchase Price or the Parties are provided notice of any final determination of the Purchase Price, in each case as agreed or determined in accordance with this Section 2.4(c) (the "**Settlement Date**").

(d) The Final Adjustment Payment shall be made by wire transfer of immediately available funds to the account or accounts of the Party entitled to receive such payment, which account or accounts shall be designated by Buyer to Seller or by Seller to Buyer, as the case may be, not less than two (2) Business Days prior to the Settlement Date.

ARTICLE III RELATED TRANSACTIONS

Subject to the additional conditions precedent set forth in Article VIII and Article IX of this Agreement, the obligations of Buyer and Seller to consummate the purchase of the Shares is subject to and conditioned upon completion of the following transactions in form and substance reasonably satisfactory to Buyer and Seller:

Section 3.1. Execution of Related Agreements. At the Closing, Seller and SGIC shall enter into each of the Related Agreements to which it is a party.

Section 3.2. Reduction in Capital and Surplus. Prior to Closing, and subject to receipt of all applicable Seller Approvals in form and substance reasonably acceptable to the Parties, Seller shall cause SGIC to transfer assets to Seller or to an affiliate of Seller (the "**Asset Transfer**") in an amount sufficient to reduce the remaining Acceptable Financial Assets to no less than _____ Dollars (\$) and no greater than _____ Dollars (\$ _____), such assets to be valued in accordance with SAP after giving effect to the initial reserve transfer contemplated by the Quota Share

Reinsurance Agreement. Buyer and Seller agree that following the Asset Transfer and the consummation of the transactions contemplated by the Quota Share Reinsurance Agreement, SGIC shall not have any material assets other than Acceptable Financial Assets, the Insurance Licenses, and the reinsurance recoverables under the Quota Share Reinsurance Agreement and under the Reinsurance Agreements.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER

Except as otherwise set forth in the disclosure schedules of Seller attached to this Agreement (individually, a “*Schedule*” and, collectively, the “*Seller Disclosure Schedules*”; it being understood that any information set forth in any Schedule of the Seller Disclosure Schedules will be deemed to apply to and qualify each Section or subsection of this Agreement to which it corresponds and each other Section or subsection of this Agreement to the extent it is reasonably apparent from a reading of such information that it is relevant to such other Section or subsection of this Agreement), Seller represents and warrants to Buyer as follows:

Section 4.1. Organization.

(a) Seller is a stock insurance company duly organized, validly existing and in good standing under the laws of the State of Wisconsin.

(b) SGIC is a stock insurance company duly organized, validly existing, and in good standing under the laws of the State of Wisconsin and has all requisite corporate power and authority to own, lease and operate its Assets and Properties in the manner in which such Assets and Properties are now owned, leased and operated and to carry on the Business. Prior to the date hereof, Seller has delivered to Buyer true and complete copies of the certificate of incorporation, and bylaws of SGIC, including all amendments thereto.

Section 4.2. Subsidiaries. SGIC does not have any equity interest in any Person other than with respect to portfolio investments made in the ordinary course of business.

Section 4.3. Authority. Seller has the full power and authority, corporate or otherwise, to execute and deliver this Agreement and Seller and SGIC have the full power and authority, corporate or otherwise, to execute all of the Related Agreements to which they are a party, to perform their respective obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement constitutes, and the Related Agreements to which Seller or SGIC is a party, when executed and delivered, will constitute, the valid and binding obligations of each of Seller and SGIC, enforceable against Seller and SGIC, as applicable, in accordance with their respective terms, subject to (i) bankruptcy, insolvency, rehabilitation, receivership, moratorium or other similar laws affecting the enforcement of creditors’ rights generally, and (ii) general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). The execution and delivery of this Agreement and the Related Agreements by Seller and SGIC, as applicable, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by the respective boards of directors of Seller and SGIC, and, except as set forth on Schedule 4.21, such execution and delivery of this Agreement and the Related Agreements, and the

consummation of the transactions contemplated hereby and thereby, do not and will not require the approval of any other Person or Governmental Authority.

Section 4.4. Capitalization.

(a) The authorized capital stock of SGIC consists of [REDACTED] shares of common stock, \$ [REDACTED] par value per share, of which [REDACTED] shares are issued and outstanding. Seller owns all of the legal and beneficial interests in the Shares, free and clear of any Lien, and, upon the delivery of and payment for the Shares at the Closing as provided for in this Agreement, Buyer shall receive good and marketable title to the Shares, free and clear of any Lien. Seller has the full and unrestricted power and authority to sell, assign, transfer and deliver the Shares to Buyer upon the terms and subject to the conditions of this Agreement. All Shares are validly authorized and issued, fully paid, and nonassessable. There are no shares of capital stock of SGIC issued or outstanding other than the Shares.

(b) There are no (i) securities convertible into or exchangeable for any of SGIC's capital stock or other securities; (ii) options, warrants or other rights to purchase or subscribe to capital stock or other securities of SGIC or securities which are convertible into or exchangeable for capital stock or other securities of SGIC; or (iii) contracts, commitments, agreements, understandings or arrangements of any kind relating to the issuance, sale or transfer of any capital stock or other equity securities of SGIC, any such convertible or exchangeable securities or any such options, warrants or other rights other than this Agreement.

Section 4.5. Statutory Financial Statements.

(a) Seller has delivered to Buyer a true, correct and complete copy of the annual statutory financial statement for SGIC for the year ended December 31, 2015 and the quarter ended June 30, 2016. Seller will deliver to Buyer true, correct and complete copies of statutory financial statements for all additional quarters ending prior to the Closing Date. The most recent quarterly statutory financial statement provided to Buyer prior to the Closing Date is referred to herein as the "*Interim Balance Sheet*" and, all such annual and quarterly statutory financial statements referred to herein, and all notes, certificates and opinions related thereto, are referred to collectively as the "*Statutory Statements.*"

(b) The Statutory Statements each present (or will present) fairly, in all material respects, the statutory financial condition of SGIC at the respective dates thereof, and the statutory results of operations for the periods then ended in accordance with SAP with respect to SGIC on a consistent basis throughout the periods indicated and consistent with each other, except as otherwise specifically noted therein. Further, the exhibits and schedules included in the Statutory Statements are fairly stated in all material respects in relation to SGIC. Each Statutory Statement complied (or will comply) in all material respects with Applicable Laws when so filed and no deficiency has been asserted with respect to the Statutory Statements by any insurance department.

(c) All reserves and other provisions made for claims, benefits and any other Liabilities, whether reported or incurred but not reported, as established or reflected on the Statutory Statements were determined in all material respects in accordance with generally

accepted actuarial standards consistently applied, were based on actuarial assumptions that were in accordance with those called for in relevant policy and contract provisions, are fairly stated in accordance with sound actuarial principles, determined in accordance with the provisions of SGIC's insurance policies and contracts, and are in compliance with the requirements of SAP and Applicable Laws.

Section 4.6. Regulatory Filings. Except as set forth on Schedule 4.6, SGIC has filed all material reports, statements, documents, registrations (including registrations with applicable state insurance regulatory authorities as a member of an insurance holding company system), filings or submissions and any supplements or amendments thereto (collectively, the "**Regulatory Filings**") required to be filed by it with any Governmental Authority since January 1, 2012. The Regulatory Filings were in compliance with Applicable Law in all material respects when filed and, to the Knowledge of Seller, no material deficiencies have been asserted by any Governmental Authority with respect to any Regulatory Filing. Except as disclosed on Schedule 4.6, no fine or penalty has been imposed on SGIC by any Governmental Authority since January 1, 2012.

Section 4.7. Guaranty Fund Assessments. Other than as set forth on Schedule 4.7, SGIC does not currently participate in, nor is it required under Applicable Law to participate in, any guaranty fund, risk sharing plan, pool, joint underwriting association or similar arrangement.

Section 4.8. Contracts.

(a) Except for those contracts listed on Schedule 4.8(b) and 4.8(c), Schedule 4.8(a) sets forth a list of all contracts, copies of which have been provided to Buyer, which SGIC is bound in any respect or which relate, directly or indirectly, to the Business, but excluding (i) all insurance policies or contracts issued by SGIC, (ii) any contract or agreement that has expired or lapsed pursuant to its terms and as to which all liabilities associated with any such contract or agreement have expired, (iii) any contract or agreement that involves less than \$ [REDACTED] of goods or services, and (iv) any contract or agreement that automatically removes and terminates SGIC as a party thereto upon SGIC no longer being an Affiliate of Seller or any of Seller's Affiliates and in respect of which SGIC has no outstanding Liabilities.

(b) Schedule 4.8(b) sets forth all Contracts relating to reinsurance, coinsurance or similar arrangements to which SGIC is a party and/or pursuant to which there are outstanding obligations owed to or from SGIC (the "**Reinsurance Agreements**") and the effective date and termination date of each Reinsurance Agreement. All Reinsurance Agreements of SGIC reflected in the Statutory Statements of SGIC are valid, binding and enforceable against any other party thereto, in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally, are in full force and effect and transfer such risk as would be required for such treaties and agreements to be properly accounted for as reinsurance. All benefits to SGIC and all amounts owing by SGIC in respect of the Reinsurance Agreements are accounted for on the Statutory Statements in accordance with SAP, and in compliance with all the requirements set forth in SSAP No. 62R – Property and Casualty Reinsurance – Revised. SGIC is entitled to take full credit in its financial statements pursuant to Applicable Laws for all

reinsurance ceded pursuant to any Reinsurance Agreement to which SGIC is a party. SGIC has complied in all material respects with all of its obligations under such Reinsurance Agreements and has provided the reinsurers thereunder on a timely basis with all required loss notices. Except as contemplated hereby, no such Reinsurance Contract contains any provision providing that the other party thereto may terminate or amend such Reinsurance Contract by reason of the contemplated transactions. There are no separate written or oral agreements between SGIC (or its Affiliates) and any assuming reinsurer that would under any circumstances, reduce, limit, mitigate or otherwise affect any actual or potential loss to SGIC under any Reinsurance Agreement, other than inuring Contracts that are explicitly defined in the Reinsurance Agreements.

(c) Schedule 4.8(c) sets forth all intercompany Contracts or other arrangements between or among SGIC and Seller or any of Seller's Affiliates (the "*Intercompany Contracts*") other than the Related Agreements to be signed at Closing.

(d) Each Intercompany Contract listed on Schedule 4.8(c), together with all Contracts listed on Schedule 4.8(a), will be unwound, amended or terminated to remove SGIC as a party as of or prior to the Closing Date in accordance with Section 6.11.

(e) SGIC has no oral Contracts or agreements. As used in this Agreement, the terms "*Contract*" and "*agreement*" each mean and include every binding contract, agreement, commitment, understanding and promise.

Section 4.9. Intercompany Accounts. Schedule 4.9 contains a complete list of all intercompany balances as of _____, 2016 including loans and advances and commitments with respect thereto, in respect of SGIC on the one hand, and Seller or any of Seller's Affiliates on the other hand.

Section 4.10. No Default. SGIC has performed, or is now performing, the obligations of, and is not in default (and would not by the lapse of time and/or the giving of notice be in default), nor has received notice of default or notice of termination, in respect of any Contract, except where such default would not have a Material Adverse Effect. To the Knowledge of Seller, no party who is a party to or bound by any of the Contracts is in default thereunder except as otherwise disclosed or reflected in the Statutory Statements, including Schedule F attached thereto. Each of the Contracts to which SGIC is a party is a legal, binding and enforceable obligation of or against SGIC.

Section 4.11. Real Property. Except for the owned real property described on Schedule 4.11 (the "*North Carolina Property*"), SGIC does not own or lease, and, during the period of Seller's ownership of SGIC, has not owned or leased, any real property. SGIC has complied in all material respects with all applicable Environmental Laws since under the ownership of Seller and, to the Knowledge of Seller, complied with all applicable Environmental Laws prior to its ownership by Seller. Other than Liabilities arising from insurance policies issued by SGIC, SGIC has no known Liabilities or obligations arising from the release of any Materials of Environmental Concern into the environment. To the Knowledge of Seller, there have been no releases of any Materials of Environmental Concern into the environment at or

from any parcel of real property or any facility formerly owned, operated or controlled by SGIC, or, to the Knowledge of Seller, any other owner, operator or lessee of such property or facility.

Section 4.12. Personal Property; Condition of Assets. SGIC has good and marketable title to all of its Assets and Properties, including, without limitation, all such properties (tangible and intangible) reflected in the Statutory Statements, free and clear of all mortgages, liens (statutory or otherwise), licenses, equities, options, conditional sales Contracts, assessments, levies, easements, covenants, reservations, restrictions, rights-of-way, exceptions, limitations, charges or encumbrances of any nature whatsoever (collectively, "*Liens*") except those described in Schedule 4.12 and Liens for Taxes not yet due or which are being contested in good faith by appropriate proceedings (and which have been sufficiently accrued or reserved against in the Statutory Statements). None of SGIC's Assets and Properties is subject to any restrictions with respect to the transferability thereof, and SGIC's title thereto will not be affected in any way by the transactions contemplated hereby.

Section 4.13. Bank Accounts. Schedule 4.13 sets forth a true and complete list of all bank accounts, including escrow accounts, of SGIC, together with the names of Persons authorized to draw thereon. Except as set forth in Schedule 4.13, all cash in such accounts is held in demand deposits and is not subject to any restriction or limitation as to withdrawal.

Section 4.14. Guarantees. Schedule 4.14 contains a correct and complete list of all guarantees by, or other contingent obligations of, SGIC showing the parties and amounts involved and the expiration dates thereof.

Section 4.15. Insurance. Schedule 4.15 constitutes a full and complete list of all in-force policies of insurance to which SGIC is a beneficiary or named insured (the "*Insurance Policies*"). The Insurance Policies are in full force and effect with all premiums due thereon paid. Schedule 4.15 also sets forth a list of insurance policies to which other entities are a party or a beneficiary which relate to the Assets and Properties or operations of SGIC or the Business and the name of such other parties. No notice of cancellation or termination has been received with respect to any Insurance Policy. Except as specifically disclosed on Schedule 4.15, no claims have been asserted by SGIC under any of the Insurance Policies or relating to its Assets and Properties or operations since January 1, 2012.

Section 4.16. Employees and Benefit Plans.

(a) SGIC does not currently employ and, since January 1, 2010, SGIC has not employed, any employees, and no individual who has provided services to SGIC since January 1, 2010 would under Applicable Law be characterized as an employee of SGIC. Except as identified in the Statutory Statements and in Schedule 4.16, SGIC has no Liabilities, obligations, costs, or expenses of any kind or nature attributable in any manner to employees, including, without limitation, any amounts or liabilities owed by SGIC under any cost-sharing agreements.

(b) Except as disclosed in Schedule 4.16, SGIC has not adopted, maintained, sponsored or participated in any pension, welfare, bonus, deferred compensation, incentive compensation, profit sharing, stock, retirement, or other benefit plan or arrangement, or any

group term life insurance, group health insurance or group dental plans, for or involving any of its officers, directors, employees, consultants or other representatives.

Section 4.17. Insurance Licenses. Schedule 4.17 hereto contains a true and correct list of each state in which SGIC is licensed to conduct an insurance business on an admitted or authorized basis or as an approved, qualified or eligible excess and surplus lines carrier (the “*Insurance Licenses*”). Except as set forth on Schedule 4.17 hereto, (i) SGIC has not received any Deficiency or other notice of suspension or termination with respect to any such Insurance License; (ii) Seller does not have any Knowledge of any threatened Deficiency action or suspension or termination therewith; and (iii) no investigation or proceeding is pending or, to the Knowledge of Seller, threatened, that would be reasonably likely to result in the imposition of a Deficiency or any revocation or suspension, or any adverse modification, limitation or restriction of any such Insurance License. All such Insurance Licenses are duly issued, valid, in full force and effect and authorize SGIC to transact the business of insurance as set forth in such Insurance License, without restriction, condition or qualification of any kind other than those restrictions, conditions or qualifications generally applicable to all insurance companies transacting the business of insurance as an admitted carrier or excess and surplus carrier, as applicable, or as may otherwise be set forth in any such Insurance License.

Section 4.18. Compliance with Law. Except as set forth on Schedule 4.18, since January 1, 2012, SGIC has operated in material compliance with all Applicable Laws. Neither SGIC nor Seller has received any written notice, or to the Knowledge of Seller, any oral notice from any Governmental Authorities alleging any violation of any such Applicable Laws.

Section 4.19. Litigation. Except as set forth on Schedule 4.19, (i) there are no outstanding orders, decrees or judgments by or with any Governmental Authority before which SGIC was a party; and (ii) there is no litigation pending or, to the Knowledge of Seller, threatened against SGIC at law or in equity, or before or by any Governmental Authority or before any arbitrator of any kind.

Section 4.20. No Conflict. The execution and delivery of this Agreement and any Related Agreements by SGIC and Seller, as the case may be, and the performance of their respective obligations hereunder or thereunder, (i) are not in violation or breach of, and will not conflict with or constitute a default under, any of the terms of the charter documents or bylaws of SGIC or Seller; (ii) are not in material violation or breach of, and will not conflict with or constitute a default under any note, debt instrument, security agreement, lease, deed of trust or mortgage, franchise, or any other Contract, agreement or commitment binding upon SGIC or Seller, or any of the Assets and Properties of SGIC; (iii) will not result in the creation or imposition of any Lien, equity or restriction in favor of any third party upon any of the Assets and Properties of SGIC; (iv) assuming the receipt of Seller Approvals, will not conflict with or violate any Applicable Law, rule, regulation, judgment, order or decree of any Governmental Authority or court having jurisdiction over SGIC or Seller, or any of the Assets and Properties of SGIC, and (v) will not violate, conflict with or result in the breach of any of the terms of, result in any modification of, accelerate or permit the acceleration of the performance required by, otherwise give any other contracting party the right to terminate, or constitute (with notice or lapse of time, or both) a default under, any Contract to which SGIC is a party or by or to which SGIC or any of its Assets and Properties is subject.

Section 4.21. Consents. Schedule 4.21 contains a full and complete list of all consents and approvals of third parties, including all Governmental Authorities, required to be obtained by SGIC or Seller in connection with the execution and delivery of this Agreement and any applicable Related Agreement by SGIC or Seller and the performance of their respective obligations hereunder and thereunder (the “*Seller Approvals*”).

Section 4.22. Taxes.

(a) Definitions. For the purposes of this Agreement, the following definitions shall apply:

(i) “*Applicable Tax Law*” means any law of any nation, state, region, province, county, locality, municipality or other jurisdiction relating to Taxes, as defined below, including, without limitation, regulations and other official pronouncements of any Governmental Authority or political subdivision of such jurisdiction charged with administering such laws.

(ii) “*Code*” means the Internal Revenue Code of 1986, as amended. All citations to the Code, or to the Treasury Regulations promulgated thereunder, shall include any amendments or any substitute or successor provisions thereto.

(iii) “*Post-Effective Period*” means, with respect to SGIC, any Tax Period (as defined below) beginning after the Closing Date and the portion of any Straddle Period (determined in accordance with Section 7.4(a)(iii)) beginning after the Closing Date.

(iv) “*Pre-Effective Period*” means, with respect to SGIC, any Tax Period ending on or before the Closing Date and the portion of any Straddle Period (determined in accordance with Section 7.4(a)(iii)) ending on the Closing Date.

(v) “*Seller Group*” means that group of affiliated companies of which Seller or any Affiliate of Seller is the common parent.

(vi) “*Straddle Period*” means, with respect to SGIC, any Tax Period that begins before and ends after the Closing Date.

(vii) “*Tax*” or “*Taxes*”: means any and all federal, state or local or foreign taxes, including without limitation all net income, gross income, profits, gross receipts, excise, value added, real or personal property, sales, premium, ad valorem, withholding, social security, social insurance, retirement, employment, unemployment, minimum estimated, severance, stamp, property, occupation, environmental, windfall profits, use, service, net worth, payroll, franchise, license, gains, transfer, recording and other taxes of any kind whatsoever, imposed by any Taxing Authority, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

(viii) “*Tax Authority*” means, with respect to any Tax, the Governmental Authority or political subdivision or instrumentality thereof that imposes, regulates, administers, collects or regulates the collection of Taxes in any applicable jurisdiction.

(ix) “*Tax Period*” means, with respect to any Tax, the period for which the Tax is reported as provided under Applicable Tax Laws.

(x) “*Tax Returns*” mean any or all returns, information returns, declarations, reports, statements and other documents filed or required to be filed in connection with the determination, assessment, collection, imposition, payment, refund or credit of any federal, state, local or foreign Tax or the administration of the laws relating to any Tax, including any amendments, schedules, attachments or supplements to any of the foregoing.

(xi) “*Treasury Regulations*” means the final or temporary regulations that have been issued by the U.S. Department of Treasury pursuant to its authority under the Code. All citations to the Treasury Regulations shall include any amendments or any substitute or successor provisions thereto.

(b) Filing of Tax Returns. Except as set forth on Schedule 4.22(b):

(i) SGIC has timely filed or caused to be filed all Tax Returns required to be filed by it on or before the date hereof, taking into account any authorized extensions, with the appropriate Tax Authorities.

(ii) All such Tax Returns are true, complete, and correct in all material respects, and all Taxes shown as due on such Tax Return or otherwise relating to SGIC which are due prior to the date hereof have been timely paid.

(iii) There is no audit, investigation, claim or other proceeding pending, or, to the Knowledge of SGIC or Seller, threatened in writing by any Tax Authority against SGIC, including, without limitation, any claim by a Tax Authority in a jurisdiction where SGIC does not file Tax Returns with respect to assertions by such Tax Authority that SGIC may be subject to Tax in such jurisdiction. There are no outstanding agreements or waivers extending the statutory period of limitations for assessment applicable to any Tax Returns or Taxes of SGIC. No deficiencies for any Taxes have been proposed, asserted or assessed in writing against SGIC which have not been fully paid, other than any such deficiencies reflected on Schedule 4.22(b) that are being contested in good faith.

(c) Withholding Taxes. All material Taxes that SGIC is required by Applicable Tax Law to withhold or collect in connection with amounts paid or owing to any independent contractor, creditor, shareholder or other third party have been duly withheld or collected and have been paid within the time and in the manner prescribed by Applicable Tax Law to the appropriate Tax Authority, and SGIC has complied with all material reporting and recordkeeping requirements under Applicable Tax Law related thereto.

(d) Partnership Interests. SGIC does not own, directly or indirectly, any interest in any entity classified as a partnership for United States federal income Tax purposes.

(e) Tax Liens. Except as set forth on Schedule 4.22(e), there are no Liens for Taxes upon the Assets and Properties of SGIC except Liens for current Taxes not yet due or

payable or Liens imposed for nonpayment of Taxes which are currently being contested in good faith and disclosed on Schedule 4.22(b).

(f) Tax Sharing or Allocation Agreements. Except for any such agreement or arrangement related to the Seller Group or otherwise as set forth on Schedule 4.22(f), SGIC is not a party to or bound by any Tax indemnity, Tax sharing or Tax allocation agreement or arrangement relating to Taxes. No power of attorney with respect to Taxes for SGIC is currently in effect.

(g) Closing Agreements/IRS Rulings. Except as set forth on Schedule 4.22(g), SGIC is not subject to (i) any "closing agreement" as defined in Section 7121 of the Code or any similar or predecessor provision thereof under the Code or other Applicable Tax Law that governs, controls or otherwise relates to any open Tax Period; or (ii) any issued, requested, or otherwise outstanding private letter rulings, technical advice memoranda or similar agreement or rulings that relates to Taxes of SGIC.

(h) Tax Reserves. The unpaid Taxes of SGIC for all taxable periods (or portions thereof) ending (A) on or before the date of the Interim Balance Sheet, did not, as of such date, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Interim Balance Sheet (rather than in any notes thereof) and (B) on or before the Closing Date will not, as of the Closing Date, exceed that reserve as adjusted to reflect the ordinary operations of SGIC after the date of the Interim Balance Sheet and through the Closing Date in accordance with the past customs and practice of SGIC in filing its Tax Returns.

(i) Certain Compensatory Arrangements. Except as set forth on Schedule 4.22(i), SGIC has not entered into any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in a payment of any "excess parachute payments" within the meaning of Section 280G of the Code (without regard to the exceptions set forth in Sections 280G(b)(4) and 280G(b)(5) of the Code) or an excise Tax to the recipient of such payment pursuant to Section 4999 of the Code.

(j) Seller Group. The Seller Group has properly elected to and does file consolidated federal income Tax Returns.

(k) Listed Transactions. SGIC has not participated or been a "material advisor" or "promoter" (as those terms are or have been defined in Sections 6111 and 6112 of the Code) in: (i) any "listed transaction" within the meaning of Sections 6011, 6662A, and 6707A of the Code (or any corresponding or similar provision of Applicable Tax Law), (ii) any "confidential corporate tax shelter" within the meaning of Section 6111 of the Code (or any corresponding or similar provision of Applicable Tax Law), or (iii) any "potentially abusive tax shelter" within the meaning of Section 6112 of the Code (or any corresponding or similar provision of Applicable Tax Law).

Section 4.23. Intellectual Property. Except as set forth in Schedule 4.23, SGIC owns all rights in the name "Southern Guaranty Insurance Company, Inc.", free and clear of all

Encumbrances. Except as otherwise provided in this Section 4.23, SGIC owns no other intellectual property.

Section 4.24. Investment Assets. SGIC has good and marketable title to all of the Investment Assets, free and clear of all Liens.

Section 4.25. No Undisclosed Liabilities. There are no Liabilities of SGIC of a nature required by SAP to be reflected on a balance sheet or in notes thereto other than Liabilities (i) disclosed in Schedule 4.25, or (ii) reflected or reserved for in SGIC's Statutory Statements.

Section 4.26. Conduct in the Ordinary Course; Absence of Certain Changes or Events.

(a) Except as set forth in Schedule 4.26(a), between January 1, 2016, and the date of this Agreement, there has not been, with respect to SGIC, a change in the Business, operations or financial condition of SGIC that has had, or could reasonably be expected to have, a Material Adverse Effect.

(b) Except for the transactions contemplated hereby or as set forth in Schedule 4.26(b), since December 31, 2015, SGIC has conducted the Business in all material respects only in the ordinary course, consistent with past practice (except for the transfer of the North Carolina Property to an Affiliate of SGIC), there has not been any material adverse change in the Business, assets, Liabilities, condition (financial or otherwise), operations or results of operations of SGIC. Without limiting the generality of the foregoing and except as set forth in Schedule 4.26(b), since that date:

(i) no Insurance License held by SGIC has lapsed or been suspended, surrendered, revoked or restricted;

(ii) neither Seller nor SGIC has imposed any security interest upon any of the Assets and Properties of SGIC;

(iii) SGIC has not made any capital investment (or series of related capital investments) in any other Person;

(iv) SGIC has not cancelled, compromised, waived or released any right or claim (or series of related rights and claims) that SGIC may possess, except in the ordinary course of business;

(v) there has been no change made or authorized in the charter or bylaws of SGIC;

(vi) SGIC has not had any change in its accounting practices, policies, procedures and methods, except as required by Applicable Law or by reason of a concurrent change in SAP;

(vii) SGIC has not entered into any assumption or guarantee of any indebtedness, obligation or Liability of any other Person; and

(viii) SGIC has not committed to any of the foregoing.

Section 4.27. Directors and Officers. Schedule 4.28 contains a true, accurate and complete list of the names and titles of all current directors and officers of SGIC.

Section 4.28. Insurance Policies Issued by SGIC, Insurance Reserves and Pending Litigation.

(a) Schedule 4.28(a) contains a true, accurate and complete list of all in-force insurance policies issued by SGIC as of the date hereof. The list contains the effective date and expiration date of each insurance policy and the jurisdiction where each risk is located.

(b) Schedule 4.28(b) contains a true, accurate and complete list of SGIC's reserves as of June 30, 2016. The list contains the policy number relating to each reserve, the date of loss, line of business, jurisdiction where the risk is located, amount of loss reserve, amount of loss adjustment expense reserve and the cause of the loss.

(c) Schedule 4.28(c) contains a true, accurate and complete list of all pending litigations under insurance policies issued by SGIC.

Section 4.29. Brokers or Finders. Neither SGIC nor Seller has incurred, nor will either of them incur, directly or indirectly, any Liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or the transactions contemplated hereby.

Section 4.30. No Other Representations and Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE IV, SELLER EXCLUDES AND DISCLAIMS ANY AND ALL IMPLIED REPRESENTATIONS AND WARRANTIES.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER

Except as otherwise set forth in the disclosure schedules of Buyer attached to this Agreement (individually, a "*Schedule*" and, collectively, the "*Buyer Disclosure Schedules*"; is being understood that any information set forth in any Schedule of the Buyer Disclosure Schedules will be deemed to apply to and qualify each Section or subsection of this Agreement to which it corresponds and each other Section or subsection of this Agreement to the extent it is reasonably apparent from a reading of such information that it is relevant to such other Section or subsection of this Agreement), Buyer represent and warrants to Seller as follows:

Section 5.1. Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of _____.

Section 5.2. Authority. Buyer has full power and authority, corporate or otherwise, to execute and deliver this Agreement and any applicable Related Agreement to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement constitutes, and each Related Agreement to which Buyer is a party, when executed and delivered, will constitute, the valid and binding obligation of Buyer, as applicable, enforceable against Buyer in accordance with its terms, subject to (i) bankruptcy, insolvency, rehabilitation, receivership, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). The execution and delivery of this Agreement and any applicable Related Agreement by Buyer, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by the board of directors of Buyer and, except as set forth on Schedule 5.5, such execution and delivery do not require the approval of any other Person or Governmental Authority.

Section 5.3. No Conflict. The execution and delivery of this Agreement and any Related Agreement by Buyer, and the performance of its obligations hereunder or thereunder, (i) are not in violation or breach of, and will not conflict with or constitute a default under, any of the terms of the articles of incorporation or bylaws of Buyer, (ii) are not in material violation or breach of, and will not conflict with or constitute a default under any note, debt instrument, security agreement, lease, deed of trust or mortgage, franchise, or any other contract, agreement or commitment binding upon Buyer or any of its Assets and Properties; (iii) will not result in the creation or imposition of any Lien, equity or restriction in favor of any third party upon any of the Assets and Properties of Buyer; and (iv) assuming receipt of Buyer Approvals, will not conflict with or violate any Applicable Law, regulation, judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over Buyer or its Assets and Properties.

Section 5.4. Investment Representation. Buyer is acquiring the Shares for its own account for investment purposes only and not for purposes of, or with a view to, offer or sale in connection with, any distribution. Buyer understands and acknowledges that none of the Shares have been registered or qualified under the Securities Act or under any securities laws of any state of the United States, in reliance upon specific exemptions thereunder for transactions not involving any public offering. Buyer agrees not to sell, transfer or otherwise dispose of any of the Shares except in accordance with the requirements of the Securities Act and any applicable state securities laws. Buyer has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Shares, and of the transactions contemplated hereby and is capable of bearing the economic risks of such investment and of such transactions.

Section 5.5. Consents. Schedule 5.5 contains a full and complete list of all consents and approvals of third parties, including all Governmental Authorities, required to be obtained by Buyer in connection with the execution and delivery of this Agreement and any applicable Related Agreement by Buyer and the performance of its respective obligations hereunder and thereunder (the "**Buyer Approvals**").

Section 5.6. Brokers or Finders. Except for the fees of Prisco Consulting, Inc., which shall be paid by Buyer, Buyer has not incurred, nor will Buyer incur, directly or indirectly, any Liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or the transactions contemplated hereby.

Section 5.7. Financing. Buyer has, as of the date hereof, and at the Closing will have, sufficient cash, available lines of credit or other sources of immediately available funds to enable it to make payment when due of the Purchase Price and any other amounts to be paid by it hereunder or under any Related Agreements to which it is party.

Section 5.8. No Other Representations and Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE V, BUYER EXCLUDES AND DISCLAIMS ANY AND ALL IMPLIED REPRESENTATIONS AND WARRANTIES.

ARTICLE VI COVENANTS

Section 6.1. Conduct of Business. Except for matters required or contemplated by this Agreement and the Related Agreements, and such other matters, if any, as may be consented to by Buyer in writing, from the date of this Agreement until the Closing Date, Seller shall cause SGIC to (i) conduct business in a manner consistent with past practice (except for the transfer of the North Carolina Property to an Affiliate of SGIC), and (ii) maintain its Books and Records in the ordinary and usual manner consistent with past practice and in accordance with SAP.

Section 6.2. Preservation of Insurance Licenses. Except for matters required by this Agreement, and such other matters, if any, as may be consented to by Buyer in writing, from the date of this Agreement until the Closing Date, Seller shall, and shall cause SGIC to, use commercially reasonable efforts to preserve and maintain SGIC's Insurance Licenses. The Parties acknowledge and agree that, from and after the Closing, Seller shall have no obligation to maintain or preserve any Insurance License of SGIC, and Seller shall not be responsible for the loss of any Insurance License after Closing.

Section 6.3. Negative Covenants. Except as contemplated by this Agreement, from the date of this Agreement through the Closing Date, Seller shall cause SGIC not to, unless consented to in writing by Buyer: (i) incur additional debt for borrowed money or contract for the extension or ability to borrow debt for borrowed money (even if not yet incurred), except in the ordinary and usual course of its business and consistent with past practice; (ii) declare, pay or effect, and not authorize, declare, pay or authorize, any dividend, payment or other distribution on or with respect to any of its capital stock except for the Asset Transfer referred to in Section 3.2 of this Agreement; (iii) mortgage, pledge or otherwise encumber or subject to Lien any of its Assets and Properties, except for Liens for current Taxes which are not yet due and payable; (iv) purchase or otherwise acquire any debt or equity securities of any Person (other than portfolio investments); (v) amend or modify its charter documents or bylaws; (vi) make any change in accounting methods or principles used for financial or regulatory reporting purposes, except for changes which are required by SAP, or materially change its practices with respect to loss reserves; (vii) issue any shares of SGIC's common stock or other equity securities or enter

into any contract or grant any option, warrant or right calling for the issuance of any such shares or other equity securities, or create or issue any securities directly or indirectly convertible or exchangeable for any such shares or other equity security; (viii) enter into any lease agreement or acquire any real property; or (ix) except as otherwise provided herein, enter into any agreement.

Section 6.4. Updating of Schedule 4.28. From time to time between the date hereof and the Closing Date, Seller shall update Schedules 4.28(a), 4.28(b) and 4.28(c). This covenant and any notices of updates to Schedules 4.28(a), 4.28(b) and 4.28(c) made by Seller hereunder shall not affect any of Buyer's rights to indemnification or be deemed in any way to constitute a waiver by Buyer of Buyer's conditions to Closing set forth in Article VIII hereof.

Section 6.5. Access to Information. From the date hereof until the Closing Date, Seller will cause SGIC to make available to Buyer's employees, attorneys, accountants and other authorized representatives at reasonable times, upon reasonable notice and under reasonable circumstances, all of the Books and Records of SGIC and any other documents of SGIC reasonably requested by Buyer in order to afford Buyer such full opportunity of review, examination and investigation as Buyer shall desire with respect to the affairs of SGIC. In addition, Seller and SGIC shall furnish to Buyer any other information relating to the Agreement or the Related Agreements which is necessary for disclosure in the Form A filing or other related filing submitted with the Wisconsin Office of the Commissioner of Insurance or any other state insurance regulatory authority. In addition, Seller shall furnish to Buyer any information or copies of any document in its possession or control which may be reasonably requested by Buyer related to any audit, examination or proceeding involving SGIC arising subsequent to the Closing Date or relating to the assessment or collection of any Tax, interest, penalty, assessment or deficiency relating, directly or indirectly, to the Shares or the Assets and Properties of SGIC or with respect to the Business.

Section 6.6. Fulfillment of Conditions and Covenants. No Party will take any course of action inconsistent with satisfaction of the requirements or conditions applicable to it set forth in this Agreement. Each Party shall promptly do all such acts and take all such measures as may be appropriate to enable it to perform as early as possible the obligations herein provided to be performed by it. Without limiting the foregoing, as soon as practicable following the date hereof, and in any event no later than ten (10) Business Days following the date hereof, Buyer shall file the Form A, and all related materials, with the Wisconsin Office of the Commissioner of Insurance pursuant to the requirements of Applicable Law.

Section 6.7. Press Releases. No Party will issue or authorize to be issued any press release or similar announcement concerning this Agreement or any of the transactions contemplated hereby without the prior approval of the other Party, which approval shall not be unreasonably withheld and shall be given, following an opportunity to review and comment on the scope and content of such disclosures, in order to allow compliance with the disclosure requirements of applicable securities laws.

Section 6.8. Consents. Each Party shall use commercially reasonable efforts to obtain and to cooperate with each other Party in the effort to obtain, as soon as reasonably practicable, all Approvals necessary to consummate this Agreement and the transactions contemplated hereby, including, but not limited to, the approval by the Wisconsin Office of the

Commissioner of Insurance of the Form A. Each Party shall pay its own expenses in connection with obtaining such Approvals. Each Party shall provide to the other Party copies of all non-confidential portions of applications filed or submitted with Governmental Authorities in connection with this Agreement and shall keep the other Party apprised of the status of matters relating to the completion and approval of the transactions contemplated by this Agreement.

Section 6.9. Certain Notifications. Each Party shall promptly notify the other in writing of the occurrence of any event known to such Party which will or could reasonably be expected to result in the failure to satisfy any of the conditions to the obligations of such other Party specified in this Agreement.

Section 6.10. Intellectual Property Matters. After the Closing, SGIC shall continue to hold all rights that it currently holds to use of the name "Southern Guaranty Insurance Company, Inc." Buyer acknowledges and agrees that it is not purchasing or acquiring, and neither Buyer nor SGIC shall have any right to use, after the Closing, the name "QBE" or any trade names, trademarks, Internet domain names, identifying logos or service marks employing the name "QBE," or any variation of the foregoing or any confusingly similar trade name, trademark, Internet domain name, service mark or logo. Buyer further acknowledges and agrees that, except as required in connection with performance of SGIC's obligations under the Related Agreements, after the Closing, Buyer, SGIC and their respective Affiliates may not in any way identify, or suggest, any affiliation between either Buyer or SGIC or any of their respective Affiliates on the one hand, and Seller or any of its Affiliates on the other hand.

Section 6.11. Contracts and Intercompany Accounts. Except as otherwise provided in Article VII, on or prior to the Closing Date: (i) Seller shall cause all intercompany balances, including loans and advances and commitments with respect thereto, in respect of SGIC on the one hand, and Seller or any of Seller's Affiliates on the other hand, to be satisfied and all commitments with respect thereto to be terminated; (ii) Seller shall cause all Intercompany Contracts or other arrangements listed on Schedule 4.8(c), and all Contracts listed on Schedule 4.8(a), to be unwound, amended or terminated to remove SGIC as a party to such Contracts; (iii) Seller shall cause all of the Reinsurance Agreements to be terminated with respect to insurance policies issued after the Closing Date by SGIC that would otherwise be subject to the Reinsurance Agreements; and (iv) Seller shall cause all Agent Contracts to be terminated or amended to remove SGIC as a party thereto and to terminate any Liabilities thereunder with respect to SGIC.

Section 6.12. Authority, Bank Accounts.. Resignations, appropriately executed signature cards and all other documentation needed in preparation for closing bank and other investment accounts of SGIC and deposits maintained by SGIC with any Government Authority, or transferring signature authority therefor, will be provided to Buyer by Seller upon Closing. Seller will cooperate and assist Buyer in obtaining, subsequent to Closing, any statutory or regulatory approvals required to enable SGIC to make the appropriate closings or transfers, including transfers of signature authorization, and in providing all notices thereof as may be required by the appropriate Governmental Authorities. From and after the Closing, no agent or officer of Seller shall take any action with respect to any such accounts or deposits other than as may be expressly authorized in writing by Buyer.

Section 6.13. Delivery of Records.

(a) On the Closing Date, Seller shall deliver or cause to be delivered to Buyer all Books and Records in the possession of Seller to the extent not then in the possession of SGIC, provided that Seller shall be permitted to retain copies of same.

(b) Seller shall deliver or cause to be delivered to Buyer or SGIC originals or copies of any regulatory compliance files, correspondence and filings with state insurance regulatory authorities, or other books and records pertaining to SGIC or the Business as may be reasonably requested in writing by Buyer or SGIC after the Closing Date, provided that Seller may redact any confidential information from any such documents or materials that does not pertain to SGIC.

(c) Seller shall deliver or cause to be delivered to Buyer or SGIC copies of any Tax Returns pertaining to SGIC as may be reasonably requested in writing by Buyer or SGIC after the Closing Date; provided, however, that Seller may redact any confidential information from the Books and Records that does not pertain to SGIC.

Section 6.14. Insurance Coverages. Seller shall cause all Insurance Policies under which SGIC is insured relating to the assets, Business, operations, employees, officers or directors of SGIC to be terminated, as to SGIC, as of the Closing Date, without cost to SGIC and without any continuing obligation on the part of SGIC to pay premiums or other amounts under such policies; provided that Seller shall be permitted to keep in force and effect, and receive and retain the exclusive benefit of, any insurance policies and recoveries thereunder providing coverage to or for the benefit of SGIC for pre-Closing periods and losses arising from any occurrences, acts, errors or omissions actually or allegedly taking place prior to the Closing.

Section 6.15. Reduction of Capital and Surplus. Prior to the Closing, (i) Seller shall cause SGIC to reduce the remaining Acceptable Financial Assets to an amount of no less than _____ Dollars (\$_____) and no greater than _____ Dollars (\$_____) in accordance with Section 3.2 of this Agreement, and (ii) Seller shall cause SGIC to transfer the North Carolina Property to an Affiliate.

Section 6.16. Related Agreements. At the Closing, Seller and SGIC shall enter into each of the Related Agreements to which it is a party.

Section 6.17. Further Assurances. Each of the Parties will use its commercially reasonable efforts to take all action and to do all things necessary, proper, or advisable, and execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and to consummate and make effective the transactions contemplated by this Agreement (including satisfaction, but not waiver, of the closing conditions set forth in Article VIII and Article IX of this Agreement).

**ARTICLE VII
TAX MATTERS**

Section 7.1. Tax Indemnity. Seller will and hereby does indemnify and hold Buyer, SGIC, any Affiliate of Buyer and their respective employees, officers, directors, successors and assigns harmless from and against any Losses resulting from or arising out of: (i) Taxes imposed on SGIC for any Pre-Effective Period; (ii) Taxes of any Person other than SGIC for which SGIC is liable by reason of (A) a Tax sharing or other similar agreement entered into prior to the Closing Date, (B) Treasury Regulations Section 1.1502-6 or by any other corresponding or similar state, local or foreign provision, by virtue of having been a member of any affiliated, consolidated, combined, or unitary group prior to the Closing Date or (C) as a transferee, successor, or payable through a contractual obligation or otherwise as a result of an event or transaction occurring before the Closing Date; (iii) Taxes imposed on Buyer or SGIC as a result of any breach of warranty or misrepresentation under Section 4.22; and (iv) any Section 338(h)(10) Election Taxes (defined below); except, in the case of any item otherwise described in such clauses (i) through (iv) above, to the extent any such Tax is reflected as a liability or otherwise as a reduction in the calculation of the final Surplus Amount pursuant to Section 2.4. Buyer shall be responsible for Taxes imposed on SGIC allocable to any Post-Effective Period that are not otherwise allocated to Seller pursuant to the terms of this Agreement.

Section 7.2. Section 338(h)(10) Election.

(a) If and to the extent requested by Seller in writing, SGIC and Buyer will join with Seller in making a timely election under Section 338(h)(10) of the Code (and any corresponding election under state, local or foreign Applicable Tax Law) with respect to the purchase and sale of the Shares under this Agreement (collectively, the "**Section 338(h)(10) Election**"). Any income, gain, loss, deduction, or other Tax item resulting from the deemed sale of SGIC's assets under the Section 338(h)(10) Election shall be included in the Seller Group's consolidated federal income Tax Return for the consolidated year that includes the Closing Date to the extent required by Applicable Tax Law, and Seller shall pay or cause to be paid all Taxes imposed on SGIC (or its shareholders) as a result of the Section 338(h)(10) Election (the "**Section 338(h)(10) Election Taxes**").

(b) Seller and Buyer agree that, if a Section 338(h)(10) Election is made, the aggregate deemed sales price ("**ADSP**") (within the meaning of Treasury Regulations §1.338-4) and the amount of the adjusted grossed-up basis ("**AGUB**") (within the meaning of Treasury Regulations §1.338-5) for Buyer's purchase of SGIC shall be allocated among the assets of SGIC in a manner consistent with Code Sections 338 and 1060 and the regulations thereunder, and the allocation of the purchase price set forth on Exhibit C (the "**Asset Allocation**"). Seller shall, not later than [forty-five (45)] days before the proposed date for filing the Section 338(h)(10) Election, provide to Buyer for its review and comment a calculation of the Asset Allocation to be used in preparing the Section 338(h)(10) Election. Within ten (10) days after the delivery of such Asset Allocation, Buyer will propose to Seller in writing any reasonable changes to the Asset Allocation (and in the event no such changes are so proposed to Seller within such time period, Buyer will be deemed to have accepted and agreed to the Asset Allocation in the form provided). Seller and Buyer will attempt in good faith to resolve any timely-raised issues arising as a result of Buyer's review of such Asset Allocation within ten (10)

days after Seller's receipt of a timely written notice of objection from Buyer, in order to permit the timely filing of the Section 338(h)(10) Election. If Seller and Buyer are unable to agree on the Asset Allocation within such time period, Seller and Buyer shall jointly request the Independent Accounting Firm to resolve any issue in dispute at least ten (10) days before the proposed date for filing the Section 338(h)(10) Election, in order that such election may be timely filed, with the fees and expenses of the Independent Accounting Firm to be split equally by Buyer and Seller. Seller shall prepare IRS Form 8023 (and any required attachments thereto) and any similar state, local or foreign Tax forms (and any required attachments) required to make the Section 338(h)(10) Election (collectively, the "*Election Forms*" and each singularly, an "*Election Form*") consistently with the Asset Allocation as finally determined, and shall submit the Election Forms to Buyer not later than five (5) days prior to the proposed filing date of the Section 338(h)(10) Election. Buyer shall promptly execute the applicable Election Forms and shall return such Election Forms to Seller promptly and in any event not more than two (2) days after the date on which the Election Forms are submitted to Buyer, for filing by Seller. Each of Buyer, SGIC, and Seller shall file all Tax Returns (including IRS Form 8883) in a manner consistent with the Asset Allocation and the Section 338(h)(10) Election as so finalized, and shall not (except as required below with respect to a revised Asset Allocation) take any position inconsistent with the Section 338(h)(10) Election or the Asset Allocation as so finalized, unless otherwise required by a determination (within the meaning of Section 1313(a) of the Code or any similar provision of state, local, or non-U.S. Applicable Tax Law). In the event that any adjustment is required to be made to the Asset Allocation as a result of the payment of any adjustment to the Purchase Price for the Shares or otherwise, Seller shall prepare or cause to be prepared, and shall provide to Buyer, a revised Asset Allocation reflecting such adjustment. Such revised Asset Allocation shall be subject to review and resolution of timely raised disputes in the same manner as the initial Asset Allocation. To the extent required, each of Buyer, SGIC, and Seller shall file all Tax Returns (including a revised IRS Form 8883) in a manner consistent with the Asset Allocation as so revised, and shall not (except pursuant to any further revision to the Asset Allocation in accordance with this Section 7.2) take any position inconsistent with the Section 338(h)(10) Election or the Asset Allocation as so revised, unless otherwise required by a determination (within the meaning of Section 1313(a) of the Code or any similar provision of state, local, or non-U.S. Applicable Tax Law).

Section 7.3. Refunds. Any Tax refund (including, but not limited to, any Tax refund attributable to any estimated tax payment for any Pre-Effective Period being higher than the actual Tax Liability for such period and any credit of any otherwise payable refund against any Tax liability for any Post-Effective Period and any interest with respect to any such Tax refund or credit) relating to SGIC for any Pre-Effective Period shall be the property of Seller, and if received by Buyer or SGIC, shall be paid over promptly to Seller, less any reasonable third party expenses incurred in obtaining such refund. In the event that the amount of any Tax reflected as a liability or otherwise as a reduction in the calculation of the final Surplus Amount pursuant to Section 2.4 exceeds the amount of such Tax required to be paid by SGIC for the applicable Pre-Effective Period to which such Tax relates (whether as a result of such Tax being less than the amount so reflected in the final Surplus Amount or as a result of a separate payment of such Tax by Seller or any Affiliate of Seller or otherwise), Buyer shall promptly pay over to Seller the amount of such excess after determination thereof.

Section 7.4. Tax Compliance.

(a) Preparation and Filing of Tax Returns; Responsibility for Taxes.

(i) Seller Tax Returns. Seller shall be responsible for the preparation of all Tax Returns of SGIC for any Tax Period ending on or before the Closing Date which are required to be filed after the Closing Date or that relate to a consolidated, combined, unitary or similar Tax Return that includes Seller (or any Affiliate of Seller other than SGIC). Such Tax Returns shall be prepared in accordance with past practice of SGIC except for the Section 338(h)(10) Election, as otherwise required by Applicable Tax Law, or with the prior written consent of Buyer. Buyer shall have a reasonable opportunity to review and comment on any such Tax Returns (including any amendment to any such Tax Returns) prior to filing (for purposes of clarity, it being understood that, in the case of any consolidated, combined, unitary, or other similar Tax Return, such review shall involve only a pro forma return of SGIC used in the preparation of such consolidated, combined, unitary, or other similar Tax Return). Unless otherwise agreed by Seller and Buyer, the consolidated federal income Tax Return for the Seller Group year ending on the Closing Date (the "**Final Consolidated Return**") will not be prepared on the basis of a ratable allocation election under Treasury Regulations §1.1502-76(b) (or any analogous provision of state, local or foreign Applicable Tax Law). Seller shall timely pay or cause to be timely paid all Taxes required to be shown as due on such Tax Returns.

(ii) Buyer Tax Returns. Buyer shall file or cause SGIC to timely file all Tax Returns related to Post-Effective Period Taxes and Straddle Period Tax Returns that are due after the Closing Date (other than any such returns that are the responsibility of Seller pursuant to Section 7.4(a)(i) above). Such Tax Returns that include Pre-Effective Periods shall be prepared in accordance with past practice of SGIC except as otherwise required by Applicable Tax Law or with the prior written consent of Seller. Seller shall have a reasonable opportunity to review and comment on any Tax Returns (including any amendment to any such Tax Returns) that include Pre-Effective Periods, and Buyer shall make or cause to be made such changes to such Tax Returns as are reasonably requested by Seller.

(iii) Straddle Periods. For purposes of allocating any Straddle Period Taxes pursuant to this Agreement, (i) the Taxes for a Straddle Period based on or measured by income or receipts of SGIC or imposed in connection with any sale or other transfer or assignment of property or any other specifically identifiable transaction or event shall be allocated between the Pre-Effective Period and the Post-Effective Period based on an interim closing of the books as of the end of the Closing Date (and for such purpose, the Tax Period of any partnership or other pass-through entity in which SGIC holds a beneficial interest shall be deemed to terminate at such time, and (ii) other Taxes for a Straddle Period not reasonably allocable pursuant to (i) above on a specific identification or interim closing basis shall be allocated based upon a fraction, the numerator of which is the number of days in the Pre-Effective Period or Post-Effective Period included in such Straddle Period, as applicable, and the denominator of which is the number of days in such Straddle Period. Any credits relating to a Straddle Period 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 prior practice of SGIC.

(iv) Without the prior written consent of Seller (which consent may be withheld in its sole discretion), Buyer shall not, and shall not permit any of its Affiliates

(including, after the Closing, SGIC) to (i) re-file, amend, or otherwise modify any Tax Return with respect to SGIC relating in whole or in part to any Pre-Effective Tax Period except to the extent required by Applicable Tax Law or (ii) waive any statute of limitations in respect of Taxes or agree to the extension of time with respect to a Tax assessment or deficiency of SGIC for any Pre-Effective Tax Period. Buyer shall cause SGIC to waive any carryback or other use from any taxable period (or portion thereof, determined in accordance with the provisions of Section 7.4(a)(iii)) beginning after the Closing Date to any Pre-Effective Tax Period of any net operating loss, Tax credit, or other Tax attribute. Notwithstanding any provision of this Agreement to the contrary, Seller shall not be liable or responsible for, nor shall it be required to indemnify Buyer or SGIC for, any Taxes arising out of, relating to, or resulting from any transactions or actions engaged in by SGIC not in the ordinary course of business or taken solely by or at the direction of Buyer or any Affiliate of Buyer that occur on the Closing Date but after the Closing, and Buyer shall indemnify Seller and hold Seller harmless for any Tax or other Loss arising out of, relating to, or resulting from any such transaction. Without limiting the foregoing, Buyer and its Affiliates and Seller agree to report all such transactions utilizing the "next day rule" of Treasury Regulations Section 1.1502-76(b)(1)(ii)(B).

(b) Tax Record Retention. Seller, Buyer and SGIC (and their respective managers, officers, directors, agents, auditors or accountants on their behalf) will not dispose of (other than to Seller in the case of Buyer and/or SGIC or to Buyer in the case of Seller) any books, records, Tax Returns, schedules, work papers, correspondence, or other material documents or information, whether in paper or electronic form, relating to the Taxes of SGIC for any Pre-Effective Period ("*Tax Records*") prior to the expiration of the statute of limitations for such Tax Period.

(c) Cooperation.

(i) Seller, Buyer, SGIC and their managers, officers, directors, and agents will reasonably cooperate fully with each other and each other's agents, including legal counsel and accounting firms, in connection with Tax matters relating to SGIC, including without limitation:

(A) preparing, signing and filing Tax Returns and reports with respect to SGIC for any period (including but not limited to the preparation of any Tax package consistent with past practice);

(B) determining the Liability and amount of any Taxes due or the right to and amount of any refund of Taxes;

(C) examination of Tax Returns;

(D) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed.

(ii) Such cooperation will include each Party making all information and documents in its possession relating to SGIC available to the other Party.

(iii) Each of the Parties will also make available to the other Party, as reasonably requested and available, personnel (including officers, directors, employees and agents) responsible for preparing, maintaining, and interpreting information and documents relevant to Taxes, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceedings relating to Taxes.

(d) Tax Controversies.

(i) Notification of Tax Proceedings. If after the Closing, Buyer, SGIC or its managers, agents, officers, or directors, or if after the date hereof Seller, receives notice of or otherwise obtains knowledge of any Tax audit, examination or proceeding, the assessment of any Tax, a Tax due or any bill for collection of any Tax due, or the beginning or scheduling of any other administrative or judicial proceeding with respect to the determination, assessment or collection of any Tax that may be imposed on SGIC related to (i) a Pre-Effective Period or (ii) a Straddle Period (each, a "***Tax Proceeding***") for which Seller has or may reasonably be expected to have an indemnification obligation pursuant to Section 7.1 of this Agreement, Buyer shall provide prompt notice in writing to Seller of such matter, setting forth information describing any asserted Tax Liability in reasonable detail and including copies of any notice or other documentation received from the applicable Tax authority with respect to such matter; provided, however, that a failure to give such notice will not affect Buyer's right to indemnification under this Article VII except to the extent such failure materially and adversely prejudices Seller's ability to defend against or mitigate Losses arising out of such Tax Proceeding. Seller may at its election control the contest of such Tax Proceeding (at Seller's expense) and shall as such have discretion and authority to pay, settle or compromise any such Tax Proceeding (including but not limited to selection of counsel, the pursuit or waiver of any administrative proceeding, the extension of any statute of limitations, or the right to pay the Tax and sue for a refund or contest the Tax Proceeding in any permissible manner); provided, however, (A) that Buyer (or its advisors) may fully participate at Buyer's sole expense in the Tax Proceeding, and (B) Seller shall not settle any Tax Proceeding (i) relating to any Post-Effective Period or (ii) in a manner that could reasonably be expected to adversely affect Buyer or SGIC after the Closing Date without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed. SGIC shall provide duly completed powers of attorney to permit the foregoing. Seller shall keep Buyer fully and timely informed with respect to the commencement, status and nature of any Tax Proceeding which it elects to control. Upon the conclusion of any Tax Proceeding which Seller elects to control in accordance with the foregoing, whether by way of settlement or otherwise, Buyer shall cause SGIC and its respective officers to execute any and all agreements, instruments or other documents that are necessary or appropriate to conclude such Tax Proceeding. If Seller does not assume the defense of any such Tax Proceeding, Buyer may control the contest of such Tax Proceeding, provided that Seller shall be entitled to participate in such Tax Proceeding at its own expense and (i) Buyer shall keep Seller reasonably informed as to the status of such Tax Proceeding (including by providing copies of all notices received from the relevant Tax Authority) and Seller shall have the right to review and comment on any correspondence from Buyer to the relevant Tax Authority prior to submission of such correspondence to the Tax Authority and (ii) Buyer shall not settle or otherwise compromise such Tax Claim without Seller's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 7.5. Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement (“*Transfer Taxes*”) shall be paid half by Buyer and half by Seller when due. Seller and Buyer shall reasonably cooperate with each other to prepare and timely file any Tax Returns required with respect to any such Transfer Taxes.

Section 7.6. Miscellaneous.

(a) Seller, on the one hand, and Buyer, on the other, agree to treat all payments made by either of them to or for the benefit of the other under this Agreement as adjustments to the purchase price or as capital contributions for Tax purposes and that such treatment shall govern for purposes hereof except to the extent that the Applicable Tax Law of a particular jurisdiction provides otherwise.

(b) The rights and obligations of the Parties with respect to indemnification for any and all matters relating to Taxes shall be exclusively governed by this Article VII. In case of any inconsistency between Article VII, on the one hand, and any provision of XI, on the other hand, the provisions of this Article VII shall control over such other provision with respect to Tax matters. For the avoidance of doubt, the Parties acknowledge that the indemnification limitations set forth in Section 11.3 shall not apply with respect to any claims pursuant to this Article VII.

**ARTICLE VIII
CONDITIONS TO OBLIGATIONS OF BUYER**

The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the following conditions, except as Buyer may waive the same in writing.

Section 8.1. Performance. Seller shall have performed and complied in all material respects with all agreements and covenants required by this Agreement or any Related Agreement to be performed or satisfied by it on or prior to the Closing Date.

Section 8.2. Representations and Warranties. The representations and warranties of Seller set forth in this Agreement which are qualified by materiality or a Material Adverse Effect or words of similar effect shall have been true and correct as of the date of this Agreement and as of the Closing Date (except to the extent such representations and warranties expressly relate to a specific date, in which case such representations and warranties shall have been true and correct as of such date), and the representations and warranties of Seller set forth in this Agreement which are not so qualified shall have been true and correct in all material respects as of the date of this Agreement and as of the Closing Date (except to the extent such representations and warranties expressly relate to a specific date, in which case such representations and warranties shall have been true and correct in all material respects as of such date). Seller shall have delivered to Buyer a certificate dated as of the Closing Date and signed by an officer of Seller confirming the foregoing.

Section 8.3. Governmental Consents and Approvals. All filings required to be made prior to the Closing Date with, and all consents and approvals required to be obtained prior to the Closing Date from, Governmental Authorities, in connection with the execution and delivery of this Agreement and the Related Agreements and the consummation of the transactions contemplated hereby and thereby, shall have been made or obtained, including the approval by the Wisconsin Office of the Commissioner of Insurance of the Form A and the Asset Transfer contemplated by Section 3.2, and such consents and approvals shall be subject to no conditions applicable to SGIC or Buyer other than conditions customarily imposed by insurance regulatory authorities in connection with similar acquisitions.

Section 8.4. Third Party Consents. All Seller Approvals from third parties shall have been obtained on terms and conditions which are reasonably acceptable to Buyer. Such Seller Approvals shall be in full force and effect and Buyer shall have received evidence reasonably satisfactory to it of the granting of such Seller Approvals.

Section 8.5. Termination of Certain Agreements. Prior to the Closing Date, Seller shall have taken the actions contemplated by Section 6.11 with respect to the Intercompany Contracts and intercompany balances and shall have provided evidence of the same in a form reasonably acceptable to Buyer.

Section 8.6. Liquidation of Assets. Prior to the Closing Date, Seller shall have caused SGIC to liquidate and convert all Investment Assets held or maintained by SGIC into cash or Cash Equivalents (but excluding any assets that are on deposit with any Governmental Authority).

Section 8.7. Administrative Services Agreement. At the Closing, Seller and SGIC shall enter into an Administrative Services Agreement substantially in the form and substance attached hereto as Exhibit A to be effective at the Effective Time (the "**Administrative Services Agreement**") whereby Seller shall administer, settle and run off all claims occurring prior to or after the Closing related to the Business in accordance with the terms and conditions set forth therein.

Section 8.8. Resignations. Each executive officer and director of SGIC shall have executed and delivered, in form and substance satisfactory to Buyer, an unconditional resignation from the office or position held by such officer or director, with such resignations to be effective as of the Closing Date.

Section 8.9. No Litigation. No action, suit or proceeding shall have been instituted by any Governmental Authority and remain pending before a court or other governmental body, or shall be threatened to be instituted by any Governmental Authority, seeking to restrain prohibit, enjoin or otherwise challenge the purchase and sale of the Shares or any other transaction contemplated by this Agreement.

Section 8.10. Delivery of Books and Records. Seller and SGIC, on or immediately prior to the Closing Date, shall have delivered to Buyer the originals or copies of all Books and Records not then in the possession of SGIC, provided that Seller shall be permitted to retain a complete copy of all Books and Records in paper, electronic or other form.

Section 8.11. Resolutions of Seller. Seller shall have delivered to Buyer resolutions of the board of directors of Seller, certified by the Secretary of Seller, approving and authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

Section 8.12. FIRPTA Certificate. Seller shall have delivered to Buyer a certification of non-foreign status for Seller and parent dated as of the Closing Date and complying with the requirements of Treasury Regulation Section 1.1445-2(b)(2).

Section 8.13. Good Standing. Seller shall have provided to Buyer a certificate of compliance or good standing for SGIC from the Wisconsin Office of the Commissioner of Insurance dated as of a date not more than twenty (20) Business Days prior to the Closing Date, together with a copy, dated as of a date not more than twenty (20) Business Days prior to the Closing Date, of the certificate of incorporation or similar organizational document of SGIC certified by the Wisconsin Office of the Commissioner of Insurance.

Section 8.14. Quota Share Reinsurance Agreement. At the Closing, Seller and SGIC shall enter into a Quota Share Reinsurance Agreement substantially in the form and substance attached hereto as Exhibit B to be effective at the Effective Time (the "**Quota Share Reinsurance Agreement**") whereby Seller shall reinsure all Insurance Liabilities of SGIC, net of other ceded reinsurance to the extent actually collected.

Section 8.15. Investment Assets. Buyer shall have received a certificate dated the Closing Date and signed on behalf of Seller by the chief financial officer of Seller setting forth the Acceptable Financial Assets and the Market Value of such assets.

Section 8.16. No Material Adverse Effect. There shall not have occurred after December 31, 2015 any Material Adverse Effect.

Section 8.17. Additional Documents. Seller and SGIC shall have furnished to Buyer all such additional instruments, documents and certificates provided for by this Agreement or as may be reasonably requested by Buyer in connection with the Closing of the transactions contemplated by this Agreement.

ARTICLE IX CONDITIONS TO OBLIGATIONS OF SELLER

The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the following conditions, except as Seller may waive the same in writing.

Section 9.1. Performance. Buyer shall have performed and complied in all material respects with all agreements and covenants required by this Agreement to be performed or satisfied by it on or prior to the Closing Date.

Section 9.2. Representations and Warranties. The representations and warranties of Buyer set forth in this Agreement which are qualified by materiality or a Material

Adverse Effect or words of similar effect shall have been true and correct as of the date of this Agreement and as of the Closing Date (except to the extent such representations and warranties expressly relate to a specific date, in which case such representations and warranties shall have been true and correct as of such date), and the representations and warranties of Buyer set forth in this Agreement which are not so qualified shall have been true and correct in all material respects as of the date of this Agreement and as of the Closing Date (except to the extent such representations and warranties expressly relate to a specific date, in which case such representations and warranties shall have been true and correct in all material respects as of such date). Buyer shall have delivered to Seller a certificate dated as of the Closing Date and signed by an officer of Buyer confirming the foregoing.

Section 9.3. No Litigation. No action, suit or proceeding shall have been instituted by any Governmental Authority and remain pending before a court or other governmental body, or shall be threatened to be instituted by any Governmental Authority, seeking to restrain, prohibit, enjoin or otherwise challenge the purchase and sale of Shares or any other transaction contemplated by this Agreement.

Section 9.4. Governmental Consents and Approvals. All filings required to be made prior to the Closing Date with, and all consents and approvals required to be obtained prior to the Closing Date from, Governmental Authorities, in connection with the execution and delivery of this Agreement and the Related Agreements and the consummation of the transactions contemplated hereby and thereby, shall have been made or obtained, including the approval by the Wisconsin Office of the Commissioner of Insurance of the Form A and the Asset Transfer as contemplated by Section 3.2, and such consents and approvals shall be subject to no conditions applicable to Seller other than conditions customarily imposed by insurance regulatory authorities in connection with similar acquisitions.

Section 9.5. Third Party Consents. All Buyer Approvals from third parties shall have been obtained on terms and conditions which are reasonably acceptable to Seller. Such Buyer Approvals shall be in full force and effect and Seller shall have received evidence reasonably satisfactory to it of the granting of such Buyer Approvals.

Section 9.6. Resolutions of Buyer. Buyer shall have delivered to Seller resolutions of the board of directors of Buyer, certified by the Secretary of Buyer, approving and authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

Section 9.7. Additional Documents. Buyer shall have furnished to Seller all such additional instruments, documents and certificates provided for by this Agreement or as may be reasonably requested by Seller in connection with the Closing of the transactions contemplated by this Agreement.

ARTICLE X
TERMINATION AND SURVIVAL PERIODS

Section 10.1. Termination. This Agreement may be terminated as follows:

(a) At any time prior to the Closing Date, by mutual written consent of Seller and Buyer.

(b) By Buyer, if Seller, prior to the Closing, shall have breached or failed in any material respect to perform or comply with any of its representations, warranties, covenants or other agreements contained in this Agreement pursuant to the terms set forth herein, which breach or failure to perform or comply (i) would give rise to the failure of a condition set forth in Article VIII (absent a waiver of Buyer), and (ii) has not been cured by Seller within thirty (30) days following receipt of written notice of such breach delivered by Buyer to Seller;

(c) By Seller, if Buyer, prior to the Closing, shall have breached or failed in any material respect to perform or comply with any of its representations, warranties, covenants or other agreements contained in this Agreement pursuant to the terms set forth herein, which breach or failure to perform or comply (i) would give rise to the failure of a condition set forth in Article IX (absent a waiver of Seller), and (ii) has not been cured by Buyer within thirty (30) days following receipt of written notice of such breach delivered by Seller to Buyer;

(d) By either Buyer, on the one hand, or by Seller, on the other hand, upon written notice to the other if, without fault of the terminating Party, the Closing shall not have occurred on or before ninety (90) days following the execution of this Agreement; provided, however, that if all conditions to the obligations of Buyer, on the one hand, and Seller, on the other hand, to consummate the Closing (as set forth in Article VIII and Article IX hereof), other than obtaining approval of the Form A, have then been satisfied (or would be capable of being satisfied if the Closing were to occur), and Buyer is diligently seeking to obtain such approval of the Form A, then the right to terminate this Agreement pursuant to this clause (d) shall not be available to any Party hereto, and the obligations hereunder of the Parties hereto shall be extended, until 150 days following the date of the Form A filing; or

(e) By either Buyer or Seller in the event that any Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable.

Section 10.2. Effect of Termination. In the event of termination of this Agreement as provided in Section 10.1, this Agreement shall forthwith become void and there shall be no Liability on the part of either Party hereto except: (i) as set forth in Section 6.7, Section 12.4, Section 12.5 and Section 12.7; and (ii) that nothing herein shall relieve either Party from Liability for any breach of this Agreement.

Section 10.3. Survival of Provisions; Remedies.

(a) The representations and warranties respectively made by Seller and Buyer in this Agreement will survive the Closing of this Agreement until the third anniversary of the Closing Date, except that (i) the representations and warranties of Seller set forth in Sections 4.1, 4.2, 4.3, 4.4 and 4.29 and the representations and warranties of Buyer contained in Sections 5.1, 5.2 and 5.6 shall survive indefinitely and (ii) the representations and warranties set forth in Section 4.22 shall survive until sixty (60) days after the expiration of the applicable statute of limitations period for any claims made in respect of the matters referred to therein. The survival period for any claims for indemnification with respect to Article VII, Section 11.1(a)(iv)-(v) or Section 11.1(b)(iv) of this Agreement shall survive indefinitely. For purposes of this Agreement, the relevant survival periods set forth in this Section 10.3(a) shall be referred to collectively as the “*Survival Period.*”

(b) All covenants and agreements made by the Parties in this Agreement which contemplate performance after the Closing Date, and all covenants which were to be performed prior to the Closing Date but which were not so performed, shall survive the Closing Date. All other covenants and agreements shall not survive the Closing Date and shall terminate as of the Closing.

(c) Notice with respect to any claim in respect of any inaccuracy in or breach of any representation, warranty, covenant or agreement shall be in writing, shall state specifically the particulars of any inaccuracy or breach, and shall be delivered to the Party against which such claim is asserted no later than the applicable Survival Period. Any representation or warranty shall survive the time it would otherwise terminate pursuant to this Section 10.3 to the extent that the Party claiming indemnification for such breach shall have delivered to the other Party written notice setting forth with reasonable specificity the basis of such claim prior to the applicable Survival Period; provided, that after the delivery of any such notice, the Party claiming indemnification shall expeditiously pursue the resolution of such claim. Notice of any claim in respect of any inaccuracy in or breach of any representation, warranty, covenant or agreement delivered after the applicable Survival Period shall not be eligible for indemnification pursuant to Article XI.

**ARTICLE XI
INDEMNIFICATION**

Section 11.1. Indemnifiable Claims.

(a) Notwithstanding the execution of this Agreement and except as set forth in Article VII, and subject to the limitations on survivability set forth in Section 10.3 and to the limitations set forth in this Article XI, Seller will and hereby does indemnify and hold Buyer, SGIC, and any Affiliate of Buyer and their respective employees, officers, directors, agents, shareholders, Affiliates, successors and assigns harmless from and against any and all direct Liability, claim, loss, cost, damage or expense whatsoever (including, without limitation, reasonable attorneys’ fees and expenses) (“*Loss*” and/or “*Losses*”) resulting from or arising out of: (i) any breach of any representation or warranty of Seller contained herein or in any Related Agreement (other than any breach of any representation or warranty set forth in Section 4.22,

which is governed by Section 7.1); (ii) any breach of any covenant or obligation of Seller contained herein or in any Related Agreement; (iii) any breach of any covenant or obligation of SGIC contained herein that occurs prior to the Closing, (iv) directly or indirectly, in whole or in part, the conduct of the Business or operations of SGIC prior to the Closing Date, including any Insurance Liabilities, whether such claims are asserted before or after the Closing Date, to the extent such Losses are not reinsured and reimbursed pursuant to the Reinsurance Agreements or the Quota Share Reinsurance Agreement; or (v) any fraud on the part of Seller.

(b) Subject to the limitations on survivability set forth in Section 10.3 and to the limitations set forth in this Article XI, Buyer will and hereby does indemnify and hold Seller and any Affiliate of Seller and their respective employees, officers, directors, agents, shareholders, Affiliates, successors and assigns harmless from and against any and all Losses resulting from or arising out of: (i) any breach of any representation or warranty of Buyer contained herein or in any Related Agreement; (ii) any breach of any covenant or obligation of Buyer contained herein or in any Related Agreement; (iii) any breach of any covenant or obligation of SGIC contained herein or in any Related Agreement that occurs after the Closing; or (iv) any fraud on the part of Buyer.

(c) Except as provided in Section 10.3(c), no Party shall be required to indemnify any Person pursuant to this Article XI if the claim for indemnification is delivered after the applicable Survival Period.

(d) Notwithstanding any other provision of this Agreement, all rights and obligations with respect to Taxes shall be governed solely by Article VII of this Agreement.

Section 11.2. Notice of Claim. If any action is brought against any Person entitled to indemnification pursuant to Section 11.1 hereof (a "**Claimant**") in respect of a claim under Section 11.1 hereof (an "**Indemnifiable Claim**"), the Claimant shall notify promptly, if the Claimant is making a claim pursuant to Section 11.1(a), Seller, or if the Claimant is making a claim pursuant to Section 11.1(b), Buyer (such notified Party, the "**Indemnifying Party**") in writing of the institution of such action (but the failure so to notify shall not relieve the Indemnifying Party from any Liability the Indemnifying Party may have except to the extent such failure materially prejudices the Indemnifying Party). The obligations and Liabilities of the Parties under this Article XI with respect to Losses arising from any third party claims shall be governed by and contingent upon the following additional terms and conditions. Unless otherwise agreed to by the Claimant, the Indemnifying Party shall assume and direct the defense of such action, including the employment of counsel, and all fees, costs and expenses incurred in connection with defending or settling the Indemnifiable Claim shall be borne solely by the Indemnifying Party; *provided, however*, that such counsel shall be satisfactory to the Claimant in the exercise of its reasonable judgment and that the Indemnifying Party shall not compromise any claim without the prior written consent of the Claimant, which consent shall not be unreasonably withheld. The Indemnifying Party's assumption of the defense of such action shall conclusively establish Claimant's right to indemnification hereunder in respect of the claim. If the Indemnifying Party shall undertake to compromise or defend any such asserted Liability, they shall promptly notify the Claimant of their intention to do so, and the Claimant agrees to cooperate fully with the Indemnifying Party and its counsel in the compromise of, or defense against, any such asserted Liability. Notwithstanding an election by the Indemnifying Party to

assume the defense of such action or proceeding, the Claimant shall have the right to employ separate counsel and to participate in the defense of such action or proceeding, and the Indemnifying Party shall bear the reasonable fees, costs and expenses of such separate counsel (and shall pay such fees, costs and expenses at least quarterly), if: (i) the use of counsel chosen by the Indemnifying Party to represent the Claimant would present such counsel with a conflict of interest; (ii) the defendants in, or targets of, any such action or proceeding include both a Claimant and an Indemnifying Party, and the Claimant shall have reasonably concluded that there may be legal defenses available to it or to other Claimants which are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action or proceeding on behalf of the Claimant); or (iii) the Representative shall authorize the Claimant to employ separate counsel at the expense of the Indemnifying Party. All costs and expenses incurred in connection with a Claimant's cooperation shall be borne by the Indemnifying Party. In any event, the Claimant shall have the right at its own expense to participate in the defense of such asserted Liability.

Section 11.3. *Limits On Indemnification.* Neither Party shall have the right to seek indemnification under this Agreement from the other Party until Losses which would otherwise be indemnifiable by the Indemnifying Party hereunder exceeds [REDACTED] [REDACTED] in the aggregate (the "Basket"), at which time the Party seeking indemnification shall be entitled to indemnification for the full extent of all such Losses (including, for the avoidance of doubt, the first \$[REDACTED] of such Losses) as provided herein. In no event shall the Basket apply to Losses in connection with, arising out of or resulting from: (i) breaches of the representations and warranties under Sections Section 4.1, Section 4.2, Section 4.3, Section 4.4, Section 4.20, Section 4.29, Section 5.1, Section 5.2, Section 5.3 or Section 5.6; (ii) Section 11.1(a)(iv)-(v); or (iii) Section 11.1(b)(iv). There shall be no cap or limit on the dollar amount of any Indemnifiable Claims.

Section 11.4. *Cooperation.* The Parties shall cooperate with each other with respect to resolving any claim or Liability with respect to which one Party is obligated to indemnify the other Party hereunder, including by making commercially reasonable efforts to mitigate any such claim or Liability.

Section 11.5. *Indemnification Payments.*

(a) Any payment required to be made under this Article XI shall be made by wire transfer of immediately available funds to such account or accounts as the Claimant shall designate to the Indemnifying Party in writing; provided, that, such payments shall be made, without duplication or double-counting, only to Buyer or Seller, respectively. Each Claimant shall be obligated to use its reasonable good faith efforts to mitigate to the extent reasonably practicable the amount of any Losses for which it is entitled to seek indemnification hereunder.

(b) Upon making any indemnification payment, the Indemnifying Party will, to the extent of such payment, be subrogated to all rights of the Claimant against any third party in respect of the Loss to which the payment relates; *provided, however*, that until the Claimant recovers full payment of its Loss, any and all claims of the Indemnifying Party against any such third party on account of said payment are hereby made expressly subordinated and subjected in right of payment to the Claimant's rights against such third party. Without limiting the

generality of any other provision hereof, each such Claimant and Indemnifying Party will duly execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights.

(c) The amount of any Losses sustained by the Claimant and owed by the Indemnifying Party shall be reduced by any amount received by such Claimant with respect thereto under any insurance or reinsurance coverage or from any other party alleged to be responsible therefor. The Claimant shall use reasonable efforts to collect any amounts available under such insurance or reinsurance coverage and from such other party alleged to have responsibility. If the Claimant receives an amount under insurance or reinsurance coverage or from such other party with respect to Losses sustained at any time subsequent to any indemnification actually paid pursuant to this Article XI, then, subject to the immediately preceding sentence, such Claimant shall promptly reimburse the applicable Indemnifying Party for any such indemnification payment made by such Indemnifying Party up to the actual amount so received by the Claimant. Any indemnification payments recoverable by the Claimant pursuant to this Article XI and in the Related Agreements shall be net of any federal or state income tax benefits actually realized by such Claimant as a result of the Loss as to which the payment is made, in the year in which the Loss occurs. All indemnification payments under this Article XI shall be deemed adjustments to the Purchase Price.

Section 11.6. Exclusive Remedy. Except as provided in Article VII, from and after the Closing, the rights set forth under this Article XI shall be the sole and exclusive remedy of Buyer and Seller (and their respective Affiliates, subsidiaries, parents, officers, directors and employees) based on, attributable to or resulting from (i) any misrepresentation or the breach or inaccuracy of any representation or warranty contained in this Agreement or (ii) any other act, omission or course of dealing by either Buyer or Seller in connection with the transactions contemplated hereby, in any such case, arising solely under this Agreement, Applicable Law or otherwise. Nothing set forth in this Article XI shall be deemed to prohibit or limit any Party's right at any time on or after the Closing Date to seek legal, injunctive or equitable relief for the failure of any other Party to perform any covenant or agreement contained herein or to seek any other relief based upon fraud.

ARTICLE XII MISCELLANEOUS

Section 12.1. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be deemed given to a party upon receipt by such party at the following addresses (or at such other address for a party as shall be specified by like notice) delivered personally, sent by electronic mail or facsimile transmission (with electronic mail or sent confirmation received and facsimile followed by hard copy sent by mail (postage prepaid) or by overnight courier (charges prepaid), sent by certified, registered or express mail (postage prepaid) or sent overnight by reputable express courier (charges prepaid):

if to Seller :

General Casualty Company of Wisconsin
One General Drive
Sun Prairie, Wisconsin 53596
Attention: Jennifer J. Vernon
Senior Vice President and Corporate General Counsel
Email: jennifer.vernon@us.qbe.com
Fax No.: (608) 837-2051

with a copy to:

Locke Lord LLP
Brookfield Place
200 Vesey Street, 20th Floor
New York, New York 10281
Attention: Aileen C. Meehan, Esq.
Email: aileen.meehan@lockelord.com
Fax No.: (866) 876-1394

if to Buyer:

Premier Servicing, LLC

Attention: _____
Email: _____
Fax No.: () -

with a copy to:

Attention: _____
Fax No.: () -

Section 12.2. Entire Agreement. This Agreement and the Related Agreements (including the Schedules and Exhibits hereto and thereto) contain the entire agreement among the Parties with respect to the transactions contemplated hereby and thereby and supersede all prior agreements, written or oral, with respect thereto.

Section 12.3. Waivers and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the Parties or, in the case of a waiver, by the Party waiving compliance. No delay on the part of any Party in exercising any right, power or

privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

Section 12.4. Confidentiality. All Confidential Data furnished by Seller or SGIC on the one hand or Buyer on the other hand to each other in connection with the transactions contemplated by this Agreement shall: (i) remain and be deemed to be the exclusive property of the Party furnishing the Confidential Data unless and until the Closing occurs; (ii) be held in strict confidence by the other Party, except to the extent that such information (a) is publicly available prior to the time of such disclosure, (b) becomes publicly available as a result of actions by Persons other than the Party receiving such information, or (c) is obtained by the Party receiving such information either prior or subsequent to disclosure from a third party not known by the receiving party to be under any obligation of confidentiality with respect thereto; and (iii) not be used by such other Party for any purpose other than consummating the transactions contemplated by this Agreement and obtaining governmental consents and approvals for such transactions. In the event that the transactions contemplated by this Agreement are not consummated, each Party shall return all or certify that it has destroyed all Confidential Data in its possession which is deemed to be the exclusive property of the other Party, together with all copies thereof, and shall continue to hold such Confidential Data in strict confidence and not use such Confidential Data for any purpose whatsoever. The terms of this Section 12.4 shall not apply to the use of the Books and Records by Buyer or Seller pursuant to the Administrative Services Agreement from and after the Closing.

Section 12.5. Expenses. Except as otherwise expressly provided herein, each Party shall bear the respective legal, accounting and other costs and expenses of any nature, relating to or in connection with the consummation of the transactions contemplated by this Agreement, incurred by each of them, whether or not this Agreement is consummated or terminated.

Section 12.6. Further Actions. At any time and from time to time, each Party agrees, without further consideration, to take such actions and to execute and deliver such documents as may be reasonably necessary to effectuate the purposes of this Agreement and the Related Agreements.

Section 12.7. Governing Law; Venue; Waiver of Jury Trial.

(a) This Agreement shall be governed and construed in accordance with the laws of Wisconsin. Each Party hereby consents and agrees that the United States District Court or any other court having situs within the Southern District of New York shall have exclusive jurisdiction to hear and determine any claims or disputes among the Parties pertaining to, arising out of, or relating to this Agreement or the transactions contemplated hereby (and each Party agrees not to commence any action, suit or proceeding relating thereto except in such court). Each Party waives any objection based upon lack of personal jurisdiction, improper venue or forum non conveniens.

(b) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 12.8. Assignment. This Agreement may not be assigned by operation of law or otherwise without the express written consent of Seller and Buyer (which consent may be granted or withheld in the sole discretion of Seller or Buyer).

Section 12.9. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Section 12.10. Schedules and Exhibits. The Schedules and the Exhibits hereto are a part of this Agreement as if set forth in full herein. The Parties acknowledge and agree that any exception to a representation and warranty contained in this Agreement that is disclosed in the Schedules under the caption referencing such representation and warranty shall be deemed to also be an exception to each other representation and warranty contained in this Agreement to the extent that it is reasonably apparent that such exception is applicable to such other representation and warranty. Certain information set forth in the Schedules is included solely for informational purposes and may not be required to be disclosed pursuant to this Agreement, and the disclosure of any information shall not be deemed to constitute an acknowledgment that such information is required to be disclosed in connection with the representations and warranties made by SGIC, Seller or Buyer, as the case may be, in this Agreement or that it is material, nor shall such information be deemed to establish a standard of materiality. The Schedules shall not vary, change or alter the language of the representations and warranties contained in this Agreement and, to the extent the language in the Schedules does not conform in every respect to the language of such representations and warranties, such language in the Schedules shall be disregarded and be of no force or effect.

Section 12.11. Headings. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

Section 12.12. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 12.13. No Third Party Beneficiaries. Except as specified in Article XI, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

Section 12.14. Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by both Parties and no presumption of burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed to refer to all rules and regulation promulgated thereunder, unless the context requires otherwise. Unless the context of this Agreement otherwise requires, (i) words using the singular or plural number will also include the plural or singular number, respectively, (ii) the terms hereof, herein, hereby, and derivative or similar words will refer to this entire Agreement, and (iii) the terms include, includes and including shall be deemed to be followed by the words without limitation.

SIGNATURE PAGES TO FOLLOW

CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.
REDACTED MATERIAL IS MARKED AS [REDACTED]

IN WITNESS WHEREOF, each of the Parties has caused this Stock Purchase Agreement to be executed on its behalf by its officers or representatives thereunto duly authorized, all as of the date first above written.

PREMIER SERVICING, LLC

By: _____
Name:
Title:

GENERAL CASUALTY COMPANY OF WISCONSIN

By: _____
Name:
Title:

Exhibit A

ADMINISTRATIVE SERVICES AGREEMENT

CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.
REDACTED MATERIAL IS MARKED AS [REDACTED]

Exhibit B

QUOTA SHARE REINSURANCE AGREEMENT

CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.
REDACTED MATERIAL IS MARKED AS [REDACTED]

Exhibit C

PURCHASE PRICE ALLOCATION METHODOLOGY