

EXHIBIT B

**Program Administrator's Agreement by and between Glencar Underwriting Managers,
Inc., and Glencar Insurance Company**

(See Attached)

PROGRAM ADMINISTRATOR'S AGREEMENT

This PROGRAM ADMINISTRATOR'S AGREEMENT ("this Agreement") is entered into as of _____, 2018 ("the Effective Date"), by and between GLENCAR INSURANCE COMPANY, a Wisconsin corporation ("the Company") and GLENCAR UNDERWRITING MANAGERS, Inc., an Illinois corporation ("the Administrator").

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Administrator agree as follows:

Article I. Term of Agreement

This Agreement begins on _____, 2018. It will continue until terminated under the provisions of Article XII.

Article II. Appointment of Administrator; Lines of Authority

The Company appoints the Administrator for the Company as follows:

- A. **Lines of Authority:** Administrator's appointment and authority extends to the policies of insurance, including all endorsements and renewals (the "Policies"), for the lines of business that the Company is authorized to write in a given state (the "Business") subject to, and as described in, underwriting and pricing standards as may be issued, approved and/or modified by the Company from time to time (the "Underwriting Authority", incorporated by reference herein), and subject to the limits set forth in Exhibit 1. The Company may amend or modify the Underwriting Authority upon ten (10) business days written notice to Administrator. The Company retains the right to decline to quote, bind, accept or insure any proposed business submitted to it by the Administrator in excess of the limits stated in or otherwise beyond the scope of the Underwriting Authority.

The Administrator is hereby appointed as a soliciting Administrator of the Company, and subject to the Underwriting Authority. The Administrator has authority only in such states in which the Administrator and the Company are both licensed for the lines of business referenced above, and any other business to be mutually agreed upon in writing by the parties to this Agreement, under prevailing regulatory requirements and in which the Company's forms and rates are approved for use, if applicable. The Administrator represents that it presently possesses valid insurance broker, producer and/or agent licenses for the Business, as applicable, issued by all states in which any business transacted under this Agreement is located. The Administrator agrees to maintain these licenses in full force and effect for the duration of this Agreement. At the Company's request,

the Administrator shall supply the Company with copies of all certificates of qualification or licenses required of the Administrator or its employees and/or agents, to act under this Agreement. The Administrator warrants and represents that it is duly organized and in good standing in each jurisdiction in which it shall do business for the Company and it knows of no facts or circumstances that would limit, hinder or impair its ability to act as an agent on the Company's behalf. The Administrator warrants and represents that all of the information provided in the Administrator's biographical affidavit(s) are true and correct as of the date hereof and the Administrator will advise the Company immediately if any such information needs to be revised in the future. The Administrator agrees that if it fails to comply with the foregoing representations, warranties and obligations, that such breach will be grounds for termination of this Agreement and the Administrator agrees to indemnify the Company for any penalties or expenses, including legal expenses, that the Company incurs as a result of such breach.

- B. **Capacity:** In placing any insurance business with the Company, the Administrator shall act solely in the capacity of an insurance agent, producer or broker, as defined by the laws of the state where the Administrator does business. The Administrator shall have no authority to bind any new, additional or renewal coverage on the Company's behalf that is not in accordance with the Underwriting Authority and the limits set forth in Exhibit 1, nor may the Administrator change the terms or conditions of an insurance policy issued by the Company, without the Company's written authority as provided in Article IV, Paragraph B hereof. The Administrator shall have no authority or responsibility to procure or bind reinsurance or retrocession on behalf of the Company. The Administrator shall comply with all laws and licensing requirements applicable to insurance business subject to this Agreement. The Company will maintain oversight for functions provided to the Company by the Administrator under this Agreement, and the Company will monitor services annually for quality assurance.
- C. **Compliance:** The Administrator shall be solely responsible for compliance with any state or federal regulations concerning the issuance of all quotes, binders and policies for any insurance business to be placed pursuant to this Agreement. The Company shall be responsible for the payment of any and all taxes, fees and licenses due in connection with such business.
- D. **Territory:** Administrator's appointment and authority extends to risks located in all jurisdictions where the Company is licensed.
- E. **Exclusions:** Administrator's appointment and authority is subject to any exclusions set forth in the Underwriting Authority.
- F. **Reinsurance Availability:** Administrator's appointment and authority for Business written under this Agreement is subject to the following:

1. That the Company is able to obtain and maintain in force at all times reinsurance satisfactory to the Company for the Business, and such reinsurance shall be satisfactory if consistent with its customary and usual standards.
2. Obtaining reinsurance is the sole responsibility of the Company. When the Company obtains satisfactory reinsurance for all or some of the Business, the Company will notify Administrator, in writing, that Administrator may write and bind those classes of business, policies, and lines and limits of insurance for which reinsurance has been obtained.
3. If reinsurance is terminated or no longer in full force and effect for all or any part of the Business, Administrator's authority for the Business affected shall be suspended, or limited upon notice to Administrator from the Company, and until further notice.
4. The Company will use its best efforts to maintain satisfactory reinsurance.

Article III. Representations and Warranties

- A. Representations and Warranties of the Company. The Company does hereby represent and warrant that:
 1. The Company is a licensed insurer and a duly organized and validly existing corporation under the laws of the State of Wisconsin.
 2. The Company has obtained all corporate authorizations as may be necessary to enable it to enter and perform such commitments and obligations as it has hereunder.
 3. The full performance of any obligation hereunder by the Company shall not constitute a breach or violation of any other agreement, and shall not be subject to any other agreement limiting the full performance of this Agreement, other than as contemplated herein.
- B. Representations and Warranties of the Administrator. The Administrator represents and warrants that:
 1. Administrator is fully licensed, qualified and authorized to act as an insurance agency and agent, to perform its respective obligations hereunder, and is duly incorporated and in good standing under the laws of the States in which it does business.

2. The Administrator has obtained all corporate authorizations as may be necessary to enable the Administrator to enter and perform such commitments and obligations as it has hereunder.
3. The full performance of any obligation hereunder by the Administrator shall not constitute a breach or violation of any agreement and shall not be subject to any agreement limiting the full performance hereof, other than as contemplated herein.

Article IV. Administrator's Duties and Responsibilities:

Administrator will faithfully perform all of its duties to the best of its professional knowledge, skill and judgment. The Administrator's duties include the following:

- A. **Solicitation:** To solicit risk and classes of risk at limits and for lines of insurance which meet the standards outlined in the Underwriting Authority.
- B. **Binding of Risks:** To quote and bind, through its sub-producers, risks only in accordance with the Underwriting Authority, and to forward to the Company for consideration and acceptance all other risks. To give the Company written notice within ten (10) calendar days after the end of each calendar month of each risk or Policy bound or written under this Agreement in each calendar month.
- C. **Policy Issuance:** To timely and properly deliver and execute or countersign Policies, certificates, endorsements, and issue, deliver and execute binders on forms approved by the Company and appropriate regulatory authorities, as required by law for Business described in the Underwriting Authority. It is the responsibility of Administrator to issue policies, endorsements and cancellations.
- D. **Sub-Producers**
 1. To accept proposals for insurance from other duly licensed agents, sub-agents, brokers, solicitors or other qualified intermediaries ("sub-producers"). The parties agree that any amounts paid such other sub-producers will come from the compensation payable to Administrator pursuant to Article VI, Administrator's Compensation.
 2. To use the facilities of properly licensed sub-producers to conduct business in all jurisdictions in which it intends to solicit or write the Business.
 3. To appoint and delegate underwriting authority to sub-producers per the Underwriting Authority.

4. The Administrator shall appoint sub-producers to produce insurance policies through the Administrator on behalf of the Company pursuant to this Agreement, and shall identify to the Company the sub-producers proposed prior to appointment. No sub-producer shall be appointed without the Company's consent, which shall not be unreasonably withheld.
 5. The Administrator shall pay all appointed sub-producers' compensation where permitted by law. Where not so permitted, the Company shall pay the sub-producer an agreed percentage of the premium charged on each applicable policy issued pursuant to this Agreement.
- E. **Premium Rates:** To quote accurate and adequate premiums and rates for Policies bound or written under this Agreement in compliance with the approved and applicable rating manuals or rating plans of the Company.
- F. **Compliance with Manuals:** To comply fully, timely and promptly with all manuals, rules, regulations, guidelines, instructions and directions issued in writing by the Company and provided to Administrator relating to the Business covered by this Agreement.
- G. **Premiums:**
1. For Policies issued as Administrator Billed Business, to bill for and collect all premiums due on all Policies bound or written under this Agreement, and to cause the Company to be paid by wire transfer of funds in accordance with H.1. of this Article unless otherwise mutually agreed in writing.
 2. Administrator agrees that it accepts full responsibility for all risks of premium collection because the Administrator understands that the Company is assuming the risk of providing coverage based on the Administrator's assurance that the premium will be collected when due. The parties agree that the term "written premium" as used herein includes all sums due under any policies written by the Company, including any premium to be due after audit or other adjustment, all of which shall be payable by the Administrator to the Company.
 3. Administrator understands that all funds and invested assets of the Company are the exclusive property of the Company, held for the benefit of the Company, are subject the Company's control, and that the Administrator is receiving all premiums and other sums due to the Company as a Trustee of an express trust and that it has fiduciary duties to safeguard such funds free from all other claims, demands or liens. Administrator agrees that it will at no time

assert any liens, offsets, counterclaims or setoffs against any premium the Administrator receives for the Company or to be received by the Administrator in the future. The Administrator certifies that it is presently in Trust and that it shall promptly deposit and maintain in a FDIC insured trust bank account all premiums and return premiums that it receives on insurance business subject to this Agreement. Any failure to timely transfer premium to the Company shall be a material breach of this Agreement. The Company may request independent verification of the Administrator's trust account and the Administrator shall direct its bank to comply with such request. The Administrator agrees that such premiums and return premiums are not the Administrator's property, are held by the Administrator strictly in a fiduciary capacity, and will not be commingled with the Administrator's funds. The Administrator agrees to notify the Company immediately upon any material adverse change in the Administrator's financial, regulatory or operational condition, including without limitation, if the Administrator becomes "out of Trust," if any adverse action is taken against the Administrator's license(s) such as a suspension or revocation, the Administrator becomes or is about to become insolvent, or the Administrator is assessed a material fine, penalty or other sanction by any insurance commissioner or other government regulator or authority.

4. In any proceeding brought by the Company to recover premiums or return premiums or other funds due hereunder to the Company or insureds under the policies (hereinafter called "trust funds"), the Administrator shall be obligated to account on its own records for such trust funds and to pay to the Company all sums for which the Administrator cannot account. In any such proceeding the Administrator shall bear the burden of proof to show that it has timely paid all trust funds and the Administrator waives (i) any right the Administrator may have to assert any counterclaim, cross-claim, offset or set-off of any kind in the proceeding, and (ii) any claim or defense based on or relating to the Administrator's use of the Company's reporting procedures as provided for in this Agreement, or any modification thereof. The Administrator shall retain the right to bring any separate proceeding it deems appropriate to recover on any claims it may have as a creditor of the Company, or otherwise, but the pendency of any such proceeding shall not delay, hinder or defeat the Company's right to promptly recover any trust funds then due or to levy upon any judgment therefore.
5. Administrator agrees that it accepts full responsibility for all risks of premium collection because the Administrator understands that the

Company is assuming the risk of providing coverage based on the Administrator's assurance that the premium will be collected when due. The parties agree that the term "written premium" as used herein includes all sums due under any policies written by the Company, including any premium to be due after audit or other adjustment, less Administrator's commission and/or broker's compensation if either are applicable. In the event that the Administrator is unable to collect in full any additional premium due after audit, with the prior consent of the Company, which consent shall not be unreasonably withheld, the Administrator may negotiate a settlement for the partial payment of such additional premium and/or charge off any uncollectible amounts and the Administrator shall have no further obligation for the collection or payment of the unpaid premium.

H. **Accounting:** To timely account for the Business as follows:

1. For Policies issued as Administrator Billed Business:
 - a. Administrator is responsible for the billing and collection of premium whether collectible or not.
 - b. Administrator will cause the sub-producers to directly deposit into a trust account established and maintained by Administrator the gross collectible premium (net of producer commissions) attributable to each insurance policy written pursuant to this Agreement within 45 days of the end of each month in which that premium becomes due.
 - c. The Administrator will prepare a monthly statement of written and collectible premiums within fifteen (15) days after the end of each calendar month listing individual policies and other premium bearing instruments that were issued and effective during that month. This statement will list the applicable amounts payable to the Company by Administrator.
 - d. Discrepancies in premiums and commissions shall be identified by Administrator in sufficient time to permit adjusting entries in the statement for the month following that month in which the discrepancies appeared. Discrepancies which are not adjusted in the following monthly statement must be adjusted in conjunction with the payment of the statement in which the original discrepancies appeared.
 - e. Administrator shall deduct the applicable percentage for Production and Administration Commission set forth in

Article VI from the premium collected from Policyholders prior to remittance to the Company.

- f. Administrator shall pay the Company balances due as identified in H.1. within sixty (60) days of the end of each calendar month for which the statement was prepared.
2. **Unearned Commissions and Premium:** The Company shall offset commissions on the Administrator's monthly statement (including commissions paid to sub-producers) on cancellations, refunds and return premiums at the rate originally allowed when such Policy(ies) were bound, written, renewed or continued. Alternatively, if in any one month, monies due Administrator are less than return commissions owed the Company, the Company may request prompt payment of return commissions from Administrator.
3. **Oversight of Subcontractors:** Administrator will oversee the activities of its subcontractors and will provide, upon request by the Company, the auditor reports and working papers supporting underwriting file reviews, financial and operational audits, and evidence of any additional oversight activities performed on the program administrators.
4. **Provision of Accounting Information:** Upon request from the Company, Administrator shall provide the Company with any information or supporting documentation required by internal auditors, external auditors, or regulatory authorities.
- I. **Fiduciary Capacity:** To hold all premiums collected and received on Policies for the Company in a fiduciary capacity in accordance with applicable statutes and regulations and in a separate bank account or accounts clearly identifiable by name as for funds so held. The Company may, at its sole discretion, grant the Administrator permission, where allowable by law, to commingle fiduciary funds held by the Administrator for or on behalf of the Company with funds so held by the Administrator on behalf of other insurers, provided that a separate, accurate and verifiable accounting is maintained on the books of the Administrator. Provided the Administrator has, in accordance with the terms of this Agreement, accounted for and paid to the Company all premiums and other monies legally due and owing, any investment income produced from the fiduciary funds held on behalf of the Company by the Administrator shall vest and become the property of the Administrator.
- J. **Copies:** To forward to the Company promptly upon request copies of any quotes, policies, binders and certificates processed by the Administrator or its assigned producer on each account bound or written under this

Agreement. However, in the event that Administrator provides the Company with electronic access at all times to all information regarding policies written pursuant to this Agreement, then Administrator may provide (at a minimum) to the Company on a monthly basis a listing of all policies written and bound pursuant to this Agreement.

- K. **Credit Extensions:** To assume the obligation for any extensions of credit to insureds and policyholders, and to be fully responsible for the pursuit of all premium due the Company on risks or Policies written or bound under this Agreement whether or not Administrator has collected the premium due from Policyholder and/or its authorized representative.
- L. **Company Property:** To safeguard, maintain and account for all Policies, forms, manuals, equipment, supplies or anything else furnished to Administrator by the Company, all of which shall remain the property of the Company. Administrator will return all property to the Company promptly upon demand. Administrator agrees to hold all Company information in a confidential manner.
- M. **Administrator Expenses:** To pay, assume the obligation for and to be fully responsible for costs and expenses associated with the Administrator's performance of conducting its business under this Agreement, including: travel expense, employee and clerical salaries, benefits and expenses, fees, countersignature fees and expenses, printing, postage, advertising, license and appointment fees, etc., as well as fees for rate service organizations and other compliance fees incurred by the Company attributable to business to be written pursuant to this Agreement. The Administrator shall not incur expenses charged to the Company, unless specifically agreed to in writing and in advance by the Company.
- N. **Legal Compliance:** Administrator shall use all reasonable effort to monitor and enforce full compliance of such qualified and designated sub-producers and any other of Administrator's subcontractors with all laws, regulations, rules and requirements applicable to Administrator's activities, and, in addition, all written instructions provided from time to time by the Company concerning underwriting requirements and regulatory compliance in general; provided, however, that such written instructions shall not unreasonably alter or amend the terms of this Agreement. Administrator shall require any subcontractor retained by Administrator to perform any obligation in furtherance of the business written pursuant to this Agreement to comply with all such obligations assumed by Administrator herein. Administrator shall complete required due diligence reviews, including required sanction screening, for all prospective subcontractors or agents, and shall, at the request of management of the Company, provide the Company with any

documentation that the management of the Company requires to form an opinion about the adequacy of any third party service provider.

- O. **Governmental Contacts:** To promptly notify the Company in writing of all contacts and correspondence received from insurance regulatory and other governmental authorities relating to the Business by Administrator or its designated sub-producers, to forward promptly upon receipt all summonses, complaints, subpoenas or other court documents, and to cooperate fully with the Company in making any responses.
- P. **Claim Notification:** To immediately at the end of each calendar month notify the Company in writing of any claims, suits and losses received or reported to Administrator from the TPA within that calendar month on Business written under this Agreement, and to cooperate fully with the Company (and/or its TPA) to facilitate the Company's (and/or its TPA's) investigation, adjustment, settlement and payment of each and all such claims and to provide assistance as may be requested by the Company from time to time in the collection of deductibles due and salvage or subrogation. The Administrator shall have the right to advise and consult with the Company and the Reinsurer of the Company, Hannover Re, on the resolution of claims as requested by the Company, but Administrator shall have no authority or responsibility to adjust, pay or otherwise settle claims on behalf of the Company, which authority and responsibility shall remain with the Company and the Company's Reinsurer.
- Q. **Premium Financing:** To promptly and appropriately respond to all correspondence and notices related to financing or proposed financing of premiums on Policies issued under this Agreement, and to forward copies to Company. The Company reserves the right to refund premiums directly to the premium finance company upon cancellation of a Policy(ies). The Administrator shall refund applicable commission to the premium finance company in the event of a cancellation of a Policy(ies) regardless of the financing of the premium. Administrator is responsible for collecting the gross written premium of any financed Policy(ies) regardless of the financing of the premium. Policies issued as Direct Billed Business may not be Premium Financed.
- R. **Competent Staff:** To maintain sufficient supplies and equipment and a staff of competent and trained personnel, to produce, develop, underwrite, and supervise the Business covered by this Agreement.
- S. **Company Interests:** To promote and safeguard the best interests and good name of the Company.
- T. **Accurate Records:** To ensure that separate, identifiable, orderly, accurate, complete and timely records and accounts of all business and transactions pertaining to Policies bound or written under the Agreement are kept and

maintained by the producers of such business and that Administrator has legal rights of access to the same, including complete underwriting and rate files. Such records and files may be copied by the Administrator at the Administrator's expense, but shall at all times remain the property of the Company and shall be returned to the Company within thirty (30) days following the cancellation or termination of the Agreement. Administrator shall not allow destruction of any such records and accounts without first advising the Company in writing of its intent to do so, and allowing the Company sixty (60) days thereafter to request return of such records and accounts.

Administrator shall also implement a "Disaster Plan" to ensure that copies of said records and files would be available in the event of a disaster and shall provide a copy of said Plan to the Company upon written request.

- U. **Audit:** To permit the Company and/or the Company's Reinsurer, Hannover Re, during the term of this Agreement and as long as the Company and/or the Reinsurer considers necessary, to visit, inspect, examine, audit and verify, at Administrator's offices or elsewhere, at such times and as often as the Company may deem appropriate, with forty-eight (48) hours prior notice, any of the properties, accounts, files, documents, books, reports, work papers and other records belonging to or in the possession or control of Administrator or of any other person developed or maintained under or relating to the Business covered by this Agreement. The Company may make copies and extracts as may be reasonably necessary. The Company may conduct any audit through any person or persons it may designate. Administrator shall, at the Company's request, promptly provide Company with statements of Administrator's financial worth prepared by certified public accountant. The information obtained on such audit shall not be used by the Company in competition with Administrator. The Administrator shall permit the same audit rights that apply to the Company to apply to the Company's Reinsurer, Hannover Re.

The books, records and documents of the Administrator developed or maintained under or related to the business written pursuant to this Agreement shall be made available to the Wisconsin Commissioner of Insurance or his designees. For the avoidance of doubt, such books and records are and remain the Company's property and are subject to the Company's control.

- V. **Services:** To provide for all usual and customary services to insureds, policyholders and sub-producers including, but not limited to, risk control, delivery of Policies, premium audit, return of premiums due insureds or policyholders, if such premiums are in possession of Administrator, and timely, appropriate responses to complaints, except as specified in O., above.

W. **Licenses:** To obtain and provide the Company, upon request, with copies of all licenses and permits required by Administrator for the proper conduct of its duties under this Agreement. In the event the Administrator will comply with licensing laws by utilizing the license of a principal director, officer or employee, then Administrator promises, warrants and guarantees that the licensee will comply with all requirements of this Agreement and specifically with this paragraph. In the event that any license the Administrator utilizes to fulfill the requirements of the Agreement expires, terminates or is suspended for any reason, this Agreement terminates automatically and the Company may avail itself of any rights provided under Article XII of this Agreement. The Administrator shall be responsible to assure that all business is properly countersigned. The Administrator shall be responsible for and pay any necessary countersignature expense. The Company shall not be responsible for payment of any countersignature expense. Administrator is responsible for all damages, penalties, fines and liabilities incurred by either party arising out of Administrator's failure to comply with licensing and countersignature requirements.

X. **Policy Cancellation:**

1. To promptly notify the producing general agent to cancel or otherwise terminate risks or Policies bound or written by or through Administrator as required by applicable underwriting standards and consistent with applicable regulatory and Policy conditions. In the event of a policy cancellation requested by an insured, Administrator must forward originals of the canceled Policy or a Lost Policy Release to the Company. The Company shall always retain the right to direct the termination of Policies by direct notice to the Insured or Policyholders. Administrator shall not make, permit, or cause general or indiscriminate cancellations, terminations or replacements of Policies.
2. If a Policy is cancelled flat, the original of the cancelled Policy or a Lost Policy Release shall be promptly forwarded by Administrator to the Company. Administrator will not cancel flat a Policy after it has been in effect for more than fifteen days without the prior written consent of the Company, unless cancellation is required by state law.

Y. **Financial Examination:** Administrator will provide to the Company within 90 days after the close of Administrator's fiscal year an independent financial examination including a balance sheet and profit and loss statement in a form acceptable to the Company.

- Z. Administrator will provide the Company with all data necessary for the Company to comply with any and all jurisdictional reporting requirements for all lines of business written pursuant to this Agreement.

Article V. Claims Adjustment and Settlement

Administrator has no authority to adjust, compromise, settle or pay any claim made on the risks or Policies written or bound under this Agreement.

- A. The Company and the Administrator shall enter into an agreement with a Third Party Administrator (“TPA”) to adjust and settle all claims against any insured or additional insured under insurance policies written pursuant to this Agreement, consistent with Claims Handling Guidelines incorporated by reference therein, the TPA agreement to be approved by the Company’s Reinsurer, Hannover Re. The Administrator or its designee shall be authorized and obligated to verify coverage upon receipt of claims and provide any other documentation requested by the TPA to facilitate the TPA’s and the Company’s claim process.
- B. The Administrator shall give immediate written notice to the TPA and the Company of any claim or loss asserted under Policies written or bound hereunder in the event that notification of such claim or loss is received by the Administrator rather than the Company or its assigned TPA.
- C. The Administrator shall give immediate written notice to the TPA and the Company of any claim or suit brought against the Company where the Company or any of its affiliated companies is named as defendant. The Company, in conjunction with the TPA, shall assume sole and full control of the defense of that claim or suit and shall defend the interests of Administrator if the claim or suit arises out of the Company’s or the TPA’s handling of a claim.

Article VI. Administrator’s Compensation

The Company will pay the Administrator as full compensation for all of its duties and responsibilities under this Agreement as follows:

- A. The Company shall pay to the Administrator a commission on each policy written pursuant to this Agreement. On Administrator Billed Business, the Administrator’s sole compensation for performing services under this Agreement shall be in the form of a commission on the premium actually received by the Company. No commission shall be due or payable on any premium not received, or any return premium repaid by the Company to the insured or other payee. The amount of Commission due to the Administrator for business written pursuant to this Agreement shall be (1) six percent (6%), unless and until otherwise agreed in writing by the parties hereto, plus (2) the commissions due to each sub-producer as

reflected in sub-producer agreements between Administrator and each sub-producer.

- B. **Offset:** The Company and the Administrator may offset any balance or balances due from the other party under this Agreement with any balance that each party holds due to the other.
- C. **Settlement:** Timely settlement, not less frequently than on a quarterly basis, and in compliance with the requirements in the NAIC's Accounting Practices and Procedures Manual, will be required with regard to the compensation paid under this Article VI.
- D. **Advancement of Funds:** The advancement of funds by the Company to the Administrator is prohibited except to pay for services provided to Company pursuant to this Agreement.

Article VII. Advertising

Administrator will not refer to the Company or the Business covered by this Agreement in any advertisement, letter, circular, pamphlet or other publications or written statement without the prior written consent of the Company. Whether or not Company gives its consent, the Company will not be responsible for any advertising expense.

Article VIII. Representation With Respect To Policies

Administrator will not make and will take action to ensure that its employees, agents and sub-producers will not make any representation to applicants, insureds, policyholders or claimants as to the existence or extent of coverage either available from the Company or under a Policy that is not consistent with the terms and conditions of coverages available from the Company or of a Policy. Administrator shall take action to ensure Administrator's employees, agents and sub-producers will make known to any applicant, insured or policyholder the full scope and effect of all exclusions and limitations upon or under coverage provided under the Policies.

Article IX. Insurance of Administrator

Administrator will maintain for as long as this Agreement remains in force with insurers rated A- VIII or above or underwriters at Lloyd's, London, and on forms acceptable to the Company:

- A. Professional Errors and Omissions policy in an amount of \$5,000,000 with a per occurrence deductible not to exceed \$100,000; and
- B. Comprehensive General Liability policy in an amount of \$1,000,000; and
- C. Blanket Employee Dishonesty bond covering all of Administrator's officers, partners, principals, employees and agents in an amount of \$1,000,000 per occurrence, and other such Bonds as may be required for

the protection of the Company by any governmental authority, agency, bureau or commission having jurisdiction. The Company reserves the right, at its sole discretion, to increase the minimum amount per occurrence of Fidelity Bond Coverage above \$1,000,000 based on such factors as the Company may reasonably consider, including the review of the Administrator's financial statements and the volume of business handled by the Administrator.

The Company may require certificates of insurance or other evidence that the insurance required by this article is in force.

Article X. Indemnification

- A. Administrator shall be responsible to the Company and shall indemnify, save, defend and hold the Company, including its affiliates, and all officers, directors and employees, harmless against any and all claims, suits, hearings, actions, damages of any kind, liability, fines, penalties, loss or expense, including attorney's fees caused by or resulting from any allegation of any misconduct, error, omission, or other act, or breach of this Agreement, in each case by Administrator or Administrator's employees, representatives, agents or sub-producers, including, but not limited to, acts of gross negligence or willful misconduct, unless the conduct giving rise to the allegation was performed at the specific direction of the Company, provided Administrator has not contributed to or compounded the act alleged.
- B. The Company shall be responsible to Administrator and shall indemnify, save, defend and hold Administrator harmless against any and all claim, suits, hearings, actions, damages of any kind, liability, fines, penalties, loss or expense, including attorney's fees caused by or resulting from any allegation of any misconduct, error, omission or other act, or breach of this Agreement, in each case by the Company or the Company's employees, or representatives, unless the conduct giving rise to the allegation was performed at the specific direction of Administrator, provided the Company has not contributed to or compounded the act alleged.
- C. Each party shall promptly notify the other party when it receives notice of the commencement of any action relating to such liabilities, and each party shall be entitled to participate in such action or to assume the defense of any such action. If Administrator fails to cooperate fully with the Company in the defense of such action, the Company shall be relieved of its indemnification obligations thereunder. If the Company assumes the defense of any such action, it shall not be liable to Administrator for any legal or other expenses subsequently incurred by Administrator in connection with such action absent the Company's approval of such expenses.

Article XI. Suspension of Administrator's Authority

The Company may, by immediate notice to Administrator, suspend any part or all of Administrator's authority under this Agreement for such time as the Company may deem necessary to protect its interests or reputation if any of the following occur:

- A. An administrative violation of insurance law or regulation by the Administrator or any of Administrator's executive officers by an insurance regulatory agency; or
- B. Administrator or any of Administrator's executive officers is indicted for a criminal offense, the conviction of which would permit termination of Administrator under this Agreement; or
- C. The default of Administrator under this Agreement, or delinquency by Administrator in timely remitting accounts and monies to the Company, insureds or policyholders.
- D. The inability of the Company to obtain or maintain acceptable reinsurance as outlined in Article II, F.

Article XII. Termination of Agreement

- A. This Agreement shall commence on the Effective Date and shall continue until terminated in accordance with this Article XII or other applicable provision hereof.
- B. This Agreement shall terminate automatically and without notice to the Administrator in any of the following circumstances:
 - 1. The Administrator's license to act as an insurance agent, producer, or surplus and excess lines insurance agent and/or broker, is revoked by any public authority or expires without renewal or otherwise lapses.
 - 2. In the event the Administrator is found, by a court of competent jurisdiction or any regulatory authority having jurisdiction, to have violated any applicable statute or regulation, or voluntarily admits to such violation.
 - 3. The Administrator becomes unable to pay debts as they mature; the Administrator makes an assignment for the benefit of creditors; the Administrator is dissolved, liquidated or otherwise ceases its business operations in any respect; a receiver or liquidator is appointed for the Administrator or a substantial part of its property; or bankruptcy, reorganization or similar proceedings are commenced by or against the Administrator.

- C. Either party may terminate this Agreement immediately upon giving written notice to the other party in any of the following circumstances:
1. The other party abandons this Agreement; commits fraud; gross negligence or willful misconduct; or misappropriates funds or property of the party giving notice.
 2. The other party commits a material breach of this Agreement or any other agreement between the parties. However, upon learning of such breach or receiving written notice of a party's intent to terminate the Agreement subject to this provision, the party having notice shall have ten (10) business days in which to cure said breach in a manner satisfactory to the other party.
 3. The Administrator or any of its employees are convicted of a crime of moral turpitude, or there has been a breach of fiduciary duty or a defalcation of trust funds by the Administrator with respect to any insurer or insured, or there has been a violation of 18 U.S.C. § 1033 by the Administrator or its employees.
 4. The Administrator's trust account becomes subject to any court order restraining the payment of any money to the Company.
 5. In the event of any change in the reinsurance covering the risks placed.
 6. In any other circumstances recognized by statute or regulation as a ground for termination of agency contracts without advance notice.
- D. The Company may terminate this Agreement at its sole option upon thirty (30) days' prior written notice to the Administrator in the event of a Change of Control or an assignment of this Agreement by the Administrator, in either case without the Company's written consent. As used herein, the phrase "Change of Control" shall mean: (i) any transaction, whether by merger, consolidation, asset sale, tender offer, reverse stock split or otherwise, which results in the acquisition or beneficial ownership (as such term is defined under rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) by any person or entity or any group of persons or entities acting in concert, of 50% or more of the outstanding stock of the Administrator, or (ii) the sale of all or substantially all of the assets of the Administrator. If the Administrator requests the Company's consent in connection with a Change of Control, the Company shall not unreasonably withhold its consent to the same.
- E. Provided that this Agreement has been in effect for a period of at least 12 months, the Company may terminate this Agreement at its sole option

upon six (6) months' prior written notice to the Administrator in the event of the Administrator failing to deliver the agreed Management Information within the agreed time periods and format or to a degree of accuracy acceptable to the Company.

F. The Company may terminate this Agreement immediately if a Change in Key Employee event takes place, as defined in Exhibit 2. However, upon learning of such event, the Administrator shall so advise the Company within five (5) business days thereof, and shall have an opportunity to cure such event in consultation with and in a manner satisfactory to the Company.

G. This Agreement also may be terminated as follows:

1. Either party shall have the right to terminate this Agreement, with or without cause, by giving 6 months' advance written notice of termination to the other party;
2. This Agreement may be terminated effective at any time by written agreement between the Company and the Administrator.

H. For the avoidance of doubt, the Administrator has no automatic right to terminate this Agreement if the Company is placed in receivership pursuant to any state receivership laws. Further, if the Company is placed in delinquency proceedings or seized by an insurance commissioner under any state insolvency laws: (i) all of the rights of the Company under this Agreement extend to the receiver or such commissioner, (ii) all books, records and documents of the Administrator developed or maintained under or related to the business written pursuant to this Agreement will immediately be made available to the receiver or such commissioner, and shall be turned over to the receiver or such commissioner immediately upon the receiver's or such commissioner's request, and (iii) the Administrator will continue to maintain any systems, programs, or other infrastructure relating to this Agreement notwithstanding any delinquency proceedings or seizure by such commissioner, and will make such systems, programs, or other infrastructure available to the receiver, for so long as the Administrator continues to receive timely payment for the services provided to the Company under this Agreement.

I. In the event of termination of this Agreement:

1. The records, use and control of expirations on all insurance business subject to this Agreement will remain the Administrator's property and be left in its possession, if the Administrator has then rendered and continues to render timely accounts and payments of all amounts due to the Company or provides security acceptable to

the Company, and continues to perform its other obligations under this Agreement. Otherwise, the records, use and control of such expirations shall automatically become vested in the Company with the right to sell.

2. If in disposing of the records of such expirations, the Company does not realize sufficient funds to discharge in full the Administrator's indebtedness to the Company, the Administrator shall remain liable for the balance of such indebtedness. Any amount realized in excess of the Administrator's indebtedness, less the expense of disposing of such records and expirations, shall be returned to the Administrator.
 3. All records of the business, not relating to expirations, shall remain the records of the Company and shall be at the direction of the Company, in its sole discretion, retained by the Administrator or delivered to the Company or its agents on reasonable notice.
- J. Notwithstanding termination of this Agreement, and except as may otherwise be mutually agreed, each party to this Agreement and/or its principals, agents, successors in interest, heirs or assigns shall fully perform and discharge all obligations incurred by it prior to such termination with respect to insurance business subject to this Agreement, and the Administrator and/or its principals, agents, successors in interest, heirs or assigns will complete the servicing of all policies (including but not limited to cooperating with the TPA relative to the TPA's duties under the TPA agreement and paying all fees and costs payable to the TPA under the TPA agreement), and collect and account to the Company for all premium, commission, and other transactions unaccounted for on the date of termination or arising thereafter in respect of outstanding insurance.
- K. If, on or after termination, the Company, in its sole discretion, chooses to run off the servicing of the policies and business, the Administrator agrees, on 15 days' written notice, to turn over and deliver to the Company, or its representative, all of the records and files in the Administrator's possession.

Article XIII. Continuing Duties of Administrator After Termination

- A. If the Company elects upon termination of this Agreement, and for as long as Company elects, Administrator will perform all of the duties necessary for the proper servicing of all risks or Policies bound or written under this Agreement. These services shall include, but are not limited to, delivering endorsements and Policies to insureds after issuance by Administrator, collecting and returning premiums, cooperating with the TPA in the handling and resolution of claims through the TPA, compensation of the

TPA, and related duties conferred by this Agreement, specifically but not exclusively those referenced in Article V.

- B. So long as the Administrator continues to perform duties in accordance with this Article, the Administrator shall continue to receive the Commission(s) set forth in Article VI, Administrator's Compensation, and the Company will not unreasonably preclude Administrator from performing the duties referred to herein.
- C. Should Administrator not continue to perform any duties for any reason, the Company shall discontinue payment of the Commission(s) set forth in Article VI.
- D. If this Agreement is terminated by the Company for any reason under Article XIII for which immediate notice may be given, and the Company is required to renew any policies under the law of any jurisdiction, the Administrator will not be entitled to any Commission(s) with respect to that renewal business.

Article XIV. Waiver of Statutory Termination Rights of Administrator

Both Administrator and Company are aware that there are or may be laws or regulations in the various jurisdictions served by Administrator that may be interpreted to provide Administrator with certain rights of notice, "run-off", continuation of business written through Administrator, prevention of termination and regulatory review and possible disapproval of the termination of this Agreement. Because this Agreement has been mutually entered into for a special purpose, and places responsibilities, duties and obligations upon Administrator both beyond those and different from those of a normal soliciting agent, Administrator acknowledges that this, therefore, involves and necessitates a different relationship. Administrator hereby specifically waives any and all rights with respect to termination of this Agreement that may now and hereafter be provided Administrator by such statute or regulation in recognition of that different relationship, and agrees not to impose upon or require compliance by the Company of any obligations relating to termination of this Agreement other than those provided for specifically in this Agreement.

Article XV. Confidentiality

- A. The Company and Administrator understand that it may be necessary for the parties to disclose or have access to certain trade secrets and other confidential information or material (including but not limited to computer programs) of the other party. The Company and Administrator agree to hold in confidence any trade secrets or other confidential information disclosed or made available to either party by the other. The Company and Administrator further agree that each will implement procedures to prevent unauthorized access to trade secrets and/or other confidential information, and that each will implement procedures which will limit

access to trade secrets and other confidential information to those employees who have a need to know such information.

- B. The Company and Administrator further agree that if either party receives a request or demand for access to trade secrets and/or other confidential information disclosed by one party to the other, the party receiving such request or demand shall promptly notify the other party so that the other party may, at its own expense, exercise such rights as it may have under law to prevent or limit disclosure of its trade secrets or other confidential information.

Article XVI. Arbitration

- A. As a condition precedent to any right of action hereunder, any dispute arising out of the interpretation, performance, or breach of this Agreement, including the formation or validity thereof, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration will be in writing and sent certified or registered mail, return receipt requested.
- B. One arbitrator shall be chosen by each party and the two arbitrators shall, before instituting the hearing, choose an impartial third arbitrator who shall preside at the hearing. If either party fails to appoint its arbitrator within thirty (30) days after being requested to do so by the other party, the latter, after ten (10) days notice by certified or registered mail of its intention to do so, may appoint the second arbitrator. If the two arbitrators are unable to agree upon the third arbitrator within thirty (30) days of their appointment, either party may petition the American Arbitration Association for the selection of the third arbitrator. All arbitrators shall be disinterested active or former executive officers of insurance companies.
- C. Within thirty (30) days after notice of appointment of all arbitrators, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules for hearings. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.
- D. The panel shall make its decision considering the governing law and custom and practice of the industry within forty-five (45) days following the termination of the hearings. Judgment upon the award may be entered in any court having jurisdiction thereof.
- E. Each party shall bear the expense of its own arbitrator and attorney and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the

panel. Arbitration shall take place in Chicago, Illinois unless otherwise mutually agreed upon.

Article XVII. Other Terms and Conditions

- A. **Waiver and Estoppel:** The failure of the Company or Administrator to insist on strict compliance with this Agreement, or to exercise any right or remedy shall not constitute a waiver of any rights provided under this Agreement, nor estop the parties from thereafter demanding full and complete compliance nor prevent the parties from exercising such a remedy in the future.
- B. **Conflict with Law:** If any provision of this Agreement should be declared invalid by a court of general jurisdiction and superseded by specific law or regulation, such law or regulation shall control to the extent of such conflict without affecting the remaining provisions of this Agreement. However, if either party believes that the voiding of any provision hereof materially affects the whole Agreement or the relationship under this Agreement, that party by notice may terminate this Agreement by giving thirty (30) days notice to the other.
- C. **Assignment:** Neither this Agreement nor any rights or obligations under this Agreement may be assigned or delegated by Administrator without the prior written consent of the Company.
- D. **Headings:** The headings preceding the text of the articles and paragraphs of the Agreement are intended and inserted solely for the convenience of reference and shall not affect the meaning, construction or effect of this Agreement.
- E. **Governing Law:** This Agreement shall be governed as to performance, administration and interpretation by the laws of the state of Wisconsin.
- F. **Honorable Undertaking:** This Agreement shall be considered as an honorable undertaking made in good faith and shall be subject to a liberal construction for the purposes of giving effect to the good faith and honorable intentions of Administrator and the Company.
- G. **Promptly:** Unless the context and circumstances require action sooner, the term “promptly” in this Agreement shall be defined to mean “within five (5) working days”.
- H. **Notices:** Wherever notice is required under this Agreement, it shall be in writing, sent by certified mail, and addressed:
 - 1. If to the Company:

Glencar Insurance Company

c/o Patrick P. Fee, President
Hannover Finance, Inc.
200 South Orange Avenue
Suite 1900
Orlando, Florida 32801
E-mail: pfee@hfinc.us

2. If to Administrator:

Glencar Underwriting Managers, Inc.
500 Park Boulevard, Suite 825
Itasca, IL 60143
Attn: Mitchell Luedtke
Email: mluedtke@glencarum.com

- I. **Independent Contractor:** This Agreement is not a contract of employment and nothing contained in this Agreement shall be construed to create the relationship of joint venture, partnership, or employer and employee between the Company and Administrator. Administrator is an independent contractor and shall be free, subject to the terms and conditions of this Agreement, to exercise judgment and discretion with regard to the conduct of business.
- J. **Negotiated Agreement:** This Agreement has been negotiated by the parties and the fact that the initial and final draft shall have been prepared by the Company shall not be used in any forum in the construction or interpretation of this Agreement of any of its provisions.
- K. **Entire Agreement:** This Agreement supersedes all previous agreements, whether written or oral, between the Company and Administrator, or their predecessors with respect to the Business to be written under this Agreement.

1. This Agreement may be amended, altered or modified only in a writing signed by both parties.
 2. Underwriting Authority, manuals, rules, regulations, instructions and directions issued by the Company from time to time as provided in this Agreement, shall bind the parties as though a part of this Agreement. Such Underwriting Authority, manuals, rules, regulations, instructions and directions shall not conflict with the terms of this Agreement.
- L. **Third Party Beneficiary:** Nothing in this Agreement, except as expressly stated herein, is intended to create any benefit for any third party not a party hereto.
- M. **Scope of Authority:** Administrator shall have no power or authority other than as granted and set forth in this Agreement. No other or greater authority shall be implied from the grant of powers specifically mentioned. Administrator shall have no power or authority on lines of business other than as set forth in this Agreement.
- N. **Survival:** All of the terms, covenants, agreements, obligations, conditions, representations and warranties set forth in this Agreement and in any document or other writing delivered pursuant hereto, shall survive the termination of this Agreement and shall continue in full force and effect so long as any financial liability or obligation under this Agreement is outstanding or unpaid.
- O. **No Presumption:** The parties acknowledge and agree that: (i) each party and its counsel have reviewed and have had the opportunity to negotiate the terms and provisions of this Agreement and have contributed to or have been offered the opportunity to contribute to their revision; (ii) the normal rule of construction, to the effect that any ambiguities are resolved against the drafting party, shall not be employed in the interpretation of them; and (iii) the terms and provisions of this Agreement shall be construed fairly as to all parties hereto and not in favor of or against any party, regardless of which party was generally responsible for the preparation of this Agreement.
- P. **Violent Crime Control and Law Enforcement Act of 1994:** The Administrator represents and warrants on the date hereof that it is in compliance with the Violent Crime and Law Enforcement Act of 1994 and that none of the Administrator's officers, directors, employees, agents, subcontractors, or other persons authorized to act on the Administrator's behalf has ever been convicted of any state or federal criminal felony involving dishonesty or a breach of trust or any crime under 18 U.S.C. § 1033, unless such individual has obtained the prior written consent of the

insurance regulatory official having regulatory authority over such individual.

- Q. **Waiver of Certain Defenses:** Each of the parties hereto waives their respective rights to assert the defenses of laches, statute(s) of limitation or any other defense based upon the theory that the pertinent cause of action is time-barred or stale.

Administrator and the Company, intending to be bound, have executed this Agreement in duplicate, each of which shall serve as an original.

ADMINISTRATOR

COMPANY

By: _____

By: _____

Attest: _____

Attest: _____

Dated: _____

Dated: _____

EXHIBIT 1

Written Premium income limits

	Year 1	Year 2	Year 3
Total GWP	\$ 10 million	\$20 million	\$45 million

to be increased as and when required, agreed by the Company.

EXHIBIT 2

Key Employees

1. QUALITY AND SKILL OF ADMINISTRATOR'S EMPLOYEES

The Administrator shall ensure that its employees engaged in the performance of the Administrator's duties under this Agreement shall have:

- (a) all the skill, experience, qualifications and knowledge requisite to carry out the tasks allocated to them; and
- (b) adopt the conduct and standard of skill and care expected of the Administrator under this Agreement.

2. KEY EMPLOYEES

The Key Employees and their respective Specified Roles at the date of the Agreement are as follows:

Name/position of Key employee:

Mitchell Luedtke, President and CEO
William Mitchell, Chief Program Officer
Patricia O'Connell, Chief Underwriting Officer
Michael Paul, Chief Financial and Chief Operating Officer

Additional Key Employees may be added to or removed from the above table in accordance with the procedure in paragraph 2.

3. If:

- (a) the Administrator proposes to add additional Key Employees or removes or replaces existing Key Employees from the table at paragraph 2 above; or
- (b) an existing Key Employee ceases to be an employee of the Administrator; or
- (c) the Administrator proposes to substantially reduce or increase the authorization or retention of any Key Employee according to the Specified Role, (each and together, a "Change In Key Employee"), the Administrator shall give immediate Notice thereof to the Principal Company and provide the Company with such information and explanation as the Company requests and the

Administrator is reasonably able to provide in relation to a proposed Change in Key Employee.

3. Upon receipt of a Change In Key Employee Notice, the Company shall have the right to terminate the Agreement with immediate effect (as set out in section XII (G) of the Agreement) provided that the Company exercises such right within seven (7) days of receipt of Change In Key Employee notice.
5. If the Company elects not to terminate this Agreement in accordance with paragraph 4 above, the Administrator shall use all reasonable endeavors to ensure that any adverse effects of the Change In Key Employee on the performance of the Administrator's obligations under this Agreement are minimized. Further, the Administrator shall obtain the Company's prior written approval to any proposed replacement or appointment of a Key Employee. If such approval is not given by the Company the Agreement will be terminated in accordance with Section XII (G) of the Agreement.