

SERVICE AGREEMENT

This Agreement, effective as of _____, 2018, is by and between WEA Insurance Corporation ("Corporation") and Health Tradition Health Plan, Inc. ("HTHP") (collectively "the Parties"). The purpose of the Agreement is to define the relationship and respective responsibilities of the Corporation and HTHP following the former's acquisition of the latter.

Therefore, in consideration of the foregoing and the mutual promises of the parties hereinafter set forth, the parties agree as follows:

I GENERAL

- 1.1 The Corporation will, in consideration of the payment hereinafter agreed, perform for and on behalf HTHP, all services necessary for the operation of HTHP for the months during 2018. These services include, but are not limited to:
- a) Overall plan management;
 - b) Regulatory compliance;
 - c) Investment management;
 - d) Sales;
 - e) Underwriting;
 - f) Marketing;
 - g) Accounting;
 - h) Medical management;
 - i) Network management;
 - j) Customer service;
 - k) Claims processing;
 - l) Eligibility;
 - m) Billing; and
 - n) IT management.
- 1.2 This Agreement shall not be implemented to have or construed as having the effect of delegating management authority over HTHP to the Corporation to the substantial exclusion of the HTHP board of directors.
- 1.5 The compensation for the services performed by the Corporation are hereby agreed between the parties to be the actual cost of those services as determined by actual cost accounting studies performed as set forth herein. The parties agree that the anticipated value of the services provided by the Corporation to HTHP will be \$████ PMPM. HTHP agrees to make a payment to the Corporation in this amount for each member enrolled in its plans as of the first day of each month, with such payment to be made by the tenth day of the following month. Both Parties acknowledge that this anticipated cost is consistent with HTHP's small group filings with the federal government for anticipated administrative costs. The anticipated costs paid by HTHP will be verified by an actual cost study for actual services provided. The Parties agree to a subsequent reconciliation of actual costs. Reconciliation of actual costs to those monthly fees paid by HTHP will occur within 90 days of the termination of this Agreement. The cost study required under this section and any payment reconciliation required shall be audited by the Corporation's independent certified public accountants and approved by the respective Boards of the Corporation and HTHP. The parties shall be in compliance with the requirements in the NAIC

Accounting Practices and Procedures Manual. HTHP shall not advance funds to the Corporation except to pay for services defined in this Agreement.

- 1.6 HTHP will maintain oversight for all services provided by Corporation and will monitor services annually for quality assurance.
- 1.7 Corporation will maintain HTHP records in sufficient detail to comply with all accounting and regulatory requirements and to ensure the ability of HTHP to audit Corporation's compliance therein, including keeping records in a manner that clearly and accurately discloses the nature and details of the transactions under this Agreement, such as the accounting information which is necessary to support the reasonableness of the charges or fees to the respective parties, and in accordance with generally accepted accounting principles permits ascertainment of charges relating to such transactions. All such records shall be the property of HTHP and under the control of HTHP. Corporation will promptly comply with all reasonable requests for its records. In this Agreement, the records of HTHP are defined to include all books and records developed or maintained under or related to the Agreement.
- 1.8 In addition to the payments outlined in Section 1.5 above, HTHP shall make an annual payment to the Corporation for use of its headquarters within ten days after the end of each year. Unless otherwise agreed to by the parties, HTHP shall make an annual payment to the Corporation in the amount of \$125,000 for common costs associated with the use of office space, supplies, and equipment, which shall be prorated for any partial year.
- 1.9 All assets and investments of HTHP managed by Corporation shall remain the exclusive property of HTHP, held for the benefit of HTHP and subject to the control of HTHP. Corporation shall promptly comply with all reasonable instructions made by HTHP with respect to such assets.
- 1.10 Corporation agrees to indemnify HTHP for any and all acts of gross negligence or willful misconduct in the performance of its obligations under this Agreement. HTHP shall, as a condition of such indemnification, notify the Corporation within ten days after receipt of notice of any claim against HTHP for which HTHP seeks indemnification. The Corporation shall be entitled to make such investigation, settlement, or defense of the claim as it deems prudent.
- 1.11 In the event that HTHP is placed into delinquency proceedings or otherwise seized by the Commissioner of Insurance, all HTHP rights under this Agreement shall extend to the receiver or Commissioner. Similarly, all books and records will be immediately made available to the receiver or Commissioner and shall be promptly provided to same upon request. Corporation will continue to maintain all systems, programs and other infrastructure necessary for the operation of HTHP in the event of such a delinquency proceedings or seizure by the Commissioner, and will make them available to the receiver, for so long as the Corporation continues to receive timely payment for services.

II

GROUP INSURANCE POLICIES

- 2.1 The Contributions required of a Member, an Employee, or an Employer to maintain coverage under the Health Insurance Policies issued by HTHP shall be paid monthly by such Member, Employee, or Employer. Contributions shall be made to HTHP, based upon the underlying agreement for coverage.

- 2.2 The Corporation shall deposit with HTHP, the total of such Contributions it receives from Members, Employees, or Employers during the month. The deposits shall be made in a series of installments starting in the month of receipt. The final installment shall be made on or about the 20th day of the next month. The final installment will include interest on the unpaid balance, at a rate equal to the rate being paid on five-year treasury notes, for each day the final payment is delayed beyond the 20th day of the next month.
- 2.3 The Corporation shall be responsible for maintaining and administering HTHP policies of group insurance as issued and for providing to the Beneficiaries of HTHP the Benefits outlined in such group policies.

**III
DURATION**

- 3.1 This Agreement shall be governed and construed in accordance with the laws of the State of Wisconsin. The parties hereby irrevocably agree that the State of Wisconsin shall have personal jurisdiction over all parties hereto in any suit or proceeding arising under this Service Agreement and that venue for any such suit shall be in a state court located in Dane County, Wisconsin.
- 3.2 Each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. The invalidity or unenforceability of any provision of this Agreement shall in no way affect the validity or enforceability of any other provision hereof. Any invalid or unenforceable provision shall be deemed severed from this Agreement and the balance of this Agreement shall be construed and enforced as if this Agreement did not contain the particular provisions(s) held to be invalid or unenforceable.
- 3.3 The provisions of this Agreement shall be effective upon execution by the parties, and will terminate effective December 31, 2018 unless otherwise mutually agreed to by the Parties.
- 3.4 This Agreement may be terminated by either Party with or without cause upon 30 days written notice from either Party. In this section, "cause" shall mean breach of a material term or condition of this Agreement. Upon termination, the parties shall cooperate in the transition of the administration of HTHP.
- 3.5 Corporation has no automatic right to terminate this Agreement in the event that HTHP is placed into receivership or otherwise seized by the Commissioner of Insurance.

Executed by the parties on _____.

Health Tradition Health Plan, Inc.

WEA Insurance Corporation

By: _____
Michael I. Quist
President & CEO

By: _____
Michael I. Quist
President & CEO

By: _____
Vaughn Vance

By: _____
Vaughn Vance

VP & General Counsel

VP & General Counsel

Any changes to this document must be submitted to the Office of the Commissioner of Insurance.
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