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September 9, 2022

Travis County – District Clerk Civil/Family
419th Judicial District Court
P.O. Box 1748
Austin, TX 78767

Re: State of Texas v. Windhaven; In the 419th Judicial District Court of Travis County, Texas; Cause No. D-1-GN-20-001052
Supplemental Filing

Dear Ms. Price:

Please accept the attached Exhibit A, Private Passenger Automobile QA Reinsurance Contract, to the *Response Brief to SDR's Motion to Strike* originally filed in this case on August 22, 2022.

Should you have any questions, please let us know.

Kimberly A. Yelkin

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**PRIVATE PASSENGER AUTOMOBILE QUOTA SHARE
REINSURANCE CONTRACT**

issued to

**WINDHAVEN INSURANCE COMPANY
Miami, Florida
WINDHAVEN NATIONAL INSURANCE COMPANY
Dallas, Texas**

**PRIVATE PASSENGER AUTOMOBILE QUOTA SHARE
REINSURANCE CONTRACT**

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**PRIVATE PASSENGER AUTOMOBILE QUOTA SHARE
REINSURANCE CONTRACT**

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**PRIVATE PASSENGER AUTOMOBILE QUOTA SHARE
REINSURANCE CONTRACT**
(the “Contract”)

issued to

WINDHAVEN INSURANCE COMPANY
Miami, Florida
WINDHAVEN NATIONAL INSURANCE COMPANY
Dallas, Texas
(the “Company”)

by

THE SUBSCRIBING REINSURER(S)
IDENTIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT(S)
ATTACHED TO AND FORMING PART OF THIS CONTRACT
(the “Reinsurer”)

ARTICLE 1

BUSINESS REINSURED

- A. This Contract is to share with the Reinsurer the interests and liabilities of the Company under all Policies classified by the Company as Private Passenger Automobile Physical Damage and Private Passenger Automobile Liability business written in the States of Florida, Texas, Pennsylvania, Georgia and Louisiana for the Company’s own account, written or renewed during the term of this Contract, subject to the terms and conditions herein contained. Policies ceded hereunder shall only include business produced by Windhaven Select, LLC, Windhaven Underwriters, LLC, or Windhaven Insurance Services, LLC.
- B. It is understood that the business reinsured under this Contract is deemed to include coverages extended for non-resident drivers under the Motor Vehicle Financial Responsibility Law or the Motor Vehicle Compulsory Insurance Law, or any similar law of any state or province, following the provisions of the Company’s Policies when they include or are deemed to include so called “out of state insurance” provisions.

ARTICLE 2

COVER

- A. The Company will cede, and the Reinsurer will accept as reinsurance, a 100.0% share of all business reinsured hereunder, subject to the maximum Private Passenger Automobile

Physical Damage and Liability Policy limits specified in the Maximum Limits of Liability Article.

- B. The Reinsurer shall be liable for its quota share percentage of Loss, Extra Contractual Obligations and Loss in Excess of Policy Limits, as defined in the Extra Contractual Obligations/Excess of Policy Limits Article, Loss Expense Allowance and its quota share percentage of Attorney Fees and Expenses as set forth in the Loss Expenses Article.
- C. Notwithstanding the above, the Reinsurer's liability for Extra Contractual Obligations, Loss in Excess of Policy Limits and losses arising from class action suits and mass torts combined shall not exceed 3.0% of Net Earned Premium for all such Occurrences during the term of this Contract.
- D. The Reinsurer's liability hereunder for property Loss (including the Loss Expense Allowance and Attorney Fees and Expenses) arising out of any one Catastrophe Loss Occurrence covered hereunder shall not exceed 3.0% of the Net Earned Premium as respects property Loss from all Catastrophe Loss Occurrences combined.
- E. Notwithstanding the above, the Reinsurer's liability for all Loss subject to this Contract (including the Loss Expense Allowance and Attorney Fees and Expenses) shall not exceed 110.0% of Net Earned Premium.
- F. The Company shall retain and be liable for a 30% share in the interests and liabilities of the Reinsurers hereunder, net and unreinsured elsewhere as respects Windhaven Insurance Company and a 25% share as respects Windhaven National Insurance Company.
- G. If one Occurrence involves Losses under a Policy or Policies subject to this Contract, and Losses under a Policy or Policies subject to a predecessor or successor contract, the Reinsurer's limit of liability hereunder for the Occurrence shall be reduced to the percentage thereof that the Company's Loss under Policies subject to this Contract bears to the total of the Company's Loss in respect of the same Occurrence.

ARTICLE 3

MAXIMUM LIMITS OF LIABILITY

- A. For purposes of determining the liability of the Reinsurer, the limits of liability of the Company with respect to any one Policy shall be deemed not to exceed the following:
 - 1. As respects Automobile Liability business written in the state of Florida, except ICON and any future products offering limits in excess of financial responsibility limits:
 - a. Bodily Injury Liability, \$10,000 per person, \$20,000 per occurrence;
 - b. Property Damage Liability, \$15,000 per occurrence;

- c. Uninsured/Underinsured Motorists Bodily Injury Liability, \$10,000 per person, \$20,000 per occurrence;
 - d. Uninsured/Underinsured Motorists Property Damage Liability, \$10,000 per occurrence;
 - e. Personal Injury Protection, \$10,000 per person;
 - f. Medical Payments, \$1,000 per occurrence;
 - g. Towing and Rental, \$30 per day, up to \$450 maximum;
 - h. Additional Death and Dismemberment, \$5,000 per occurrence.
2. As respects Automobile Liability business written in states other than Florida, except ICON and any future products offering limits in excess of financial responsibility limits:
- a. Bodily Injury Liability, \$30,000 per person, \$60,000 per occurrence;
 - b. Property Damage Liability, \$25,000 per occurrence;
 - c. Uninsured/Underinsured Motorists Bodily Injury Liability, \$30,000 per person, \$60,000 per occurrence;
 - d. Uninsured/Underinsured Motorists Property Damage Liability, \$25,000 per occurrence;
 - e. Personal Injury Protection, \$10,000 per person;
 - f. Medical Payments, \$1,000 per occurrence;
 - g. Towing and Rental, \$30 per day, up to \$450 maximum;
 - h. Additional Death and Dismemberment, \$5,000 per occurrence.
3. As respects ICON and any future products offering limits in excess of financial responsibility limits, or the minimum limits referred to in paragraph 1 above:
- a. Bodily Injury Liability, \$100,000 per person, \$300,000 per occurrence;
 - b. Property Damage Liability, \$100,000 per occurrence;
 - c. Uninsured/Underinsured Motorists Bodily Injury Liability, \$100,000 per person, \$300,000 per occurrence;
 - d. Uninsured/Underinsured Motorists Property Damage Liability, \$100,000 per occurrence;

- e. Personal Injury Protection, \$10,000 per person;
 - f. Medical Payments, \$1,000 per occurrence;
 - g. Towing and Rental, \$30 per day, up to \$450 maximum;
 - h. Additional Death and Dismemberment, \$5,000 per occurrence.
4. As respects Automobile Physical Damage, \$60,000 each vehicle.
- B. The limits detailed above shall be extended to follow the Company's Policy if the Company's Loss is greater than one or more of the minimum statutory limits because its Policy includes or is deemed to include so called "out of state insurance" provisions.
- C. Notwithstanding the above, should any of the minimum statutory limits of liability be increased by a state regulatory authority, the Reinsurer hereby agrees to cover any such increase, provided that, prior to such an increase, the Company shall file for rate increases to compensate for the increased policy limits.

ARTICLE 4

TERM

- A. This Contract shall take effect at 12:01 a.m., Eastern Standard Time, July 1, 2017, and shall remain in effect until 11:59 p.m., Eastern Standard Time, June 30, 2019, in respect of Policies written or renewed during the term of this Contract.
- B. Notwithstanding the above, the Reinsurer shall have the right to extend this Contract for two additional years by giving the Company written notice not less than 75 days prior to July 1, 2019. Such renewal shall be at the same terms and percent participation as in effect hereunder at July 1, 2017.
- C. At expiration or termination of this Contract, the Reinsurer shall remain liable for all Policies covered by this Contract that are in force at expiration or termination, until the termination, expiration or renewal of such Policies, whichever occurs first.
- D. However, at expiration or termination of this Contract, the Company and the Reinsurer may mutually agree to have this Contract expire or terminate on a cut-off basis. Upon such agreement, the Reinsurer shall return the ceded unearned premium, net of ceding commission, as of the date of expiration or termination, on business in force at that date, in which event the Reinsurer shall be released from liability for losses occurring after expiration or termination.
- E. In the event this Contract expires or is terminated on a run-off basis, the Reinsurer's liability hereunder shall continue if the Company is required by statute or regulation to

continue coverage, until the earliest date on which the Company may cancel the Policy, unless the Policy is covered under a subsequent quota share reinsurance contract.

ARTICLE 5

SPECIAL TERMINATION

- A. The Company may terminate a Subscribing Reinsurer's share in this Contract at any time, or the Subscribing Reinsurer may terminate this Contract at any time, by giving not less than 30 days' prior written notice to the other party, in the event any of the following circumstances occur:
1. the other party has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary) or proceedings have been instituted against it for the appointment of a receiver, liquidator, rehabilitator, conservator or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations; or
 2. the other party has merged with or has become acquired or controlled by any company, corporation, or individual(s) not controlling its operations at the inception of this Contract; or
 3. the other party has failed to make payment of any undisputed balance under this Contract when due, and had failed to remit the overdue payment within 30 days of the due date; or
 4. a state insurance department or other legal authority orders the other party to cease writing business; or
 5. the other party's policyholders' surplus as reported in such financial statements has been reduced by 30% at any time during the term of this Contract.
- B. The Company may terminate this Contract at any time, by giving not less than 30 days' prior written notice to the Subscribing Reinsurer, in the event any of the following circumstances occur:
1. the Subscribing Reinsurer's A.M. Best's rating is assigned or downgraded below "A-"; or
 2. the Subscribing Reinsurer has reinsured its entire liability under this Contract with an unaffiliated Company without the Company's prior written consent; or
 3. the Subscribing Reinsurer ceases underwriting operations.

- C. The Subscribing Reinsurer may terminate this Contract at any time, by giving not less than 30 days' prior written notice to the Company, in the event the Company has implemented overall rate reductions prior to receiving the written approval by the Subscribing Reinsurer.
- D. Termination shall be effected on a run-off basis as set forth in the Term Article. However, upon mutual agreement by the Company and the Subscribing Reinsurer termination shall be effected on a cut-off basis as set forth in the Term Article. The reinsurance premium due the Subscribing Reinsurer hereunder shall be prorated based on the period of the Subscribing Reinsurer's participation hereon and the Subscribing Reinsurer shall immediately return any unearned reinsurance premium received.

ARTICLE 6

TERRITORY

The territorial limits of this Contract shall be identical with those of the Company's Policies.

ARTICLE 7

EXCLUSIONS

- A. This Contract does not apply to, and specifically excludes, the following:
 - 1. Reinsurance assumed by the Company.
 - 2. Business written to apply in excess of a deductible of more than \$5,000, and business issued to apply specifically in excess over underlying insurance.
 - 3. Liability as a member, subscriber or reinsurer of any pool, syndicate or association, and liability for any assessments levied by any state-run residual market mechanism, but this exclusion shall not apply to Assigned Risk Plans or similar plans.
 - 4. It is agreed that this Contract excludes all liability of the Company arising by agreement, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. "Insolvency Fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, which provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee, or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.
 - 5. Automobile Insurance written to cover the ownership, maintenance or use of:
 - a. a taxicab, public livery conveyance or bus;

- b. an ambulance, fire department or law enforcement, private emergency vehicle or other municipal equipment;
 - c. a racing or exhibition vehicle;
 - d. a rental motor vehicle or leased motor vehicle with a lease agreement for a term shorter than 12 months;
 - e. a commercial automobile, except service vehicles used by Craftsmen and Artisans up to a maximum of one ton;
 - f. a vehicle engaged in the transportation or distribution of munitions and explosives such as, but not limited to liquid hydrogen, nitrogen, chlorine, fireworks, fuses, dynamite, nitroglycerine, ammonia nitrate, anhydrous ammonia, celluloid, pyroxline, or their derivatives, liquefied petroleum gas, butane, propane and gasoline;
 - g. a recreational vehicle, which shall include but is not limited to road buggies, dune buggies, caravans, motor coaches, mobile homes and motor homes;
 - h. an antique or vintage vehicle, kit-car, altered or remodeled vehicle or high performance vehicle;
 - i. any automobile not classified as private passenger automobile;
 - j. motorcycles;
 - k. any automobile used in commercial messenger or delivery service, towing or hauling;
 - l. automobile fleets and policies issued to automobile dealers.
6. Policies covering only Automobile Physical Damage.
7. Business written on a co-surety or co-indemnity basis not controlled by the Company.
8. Loss or damage arising from pollution and environmental impairment.
9. Loss or damage resulting from any of the following lines of business: Ocean Marine, Accident and Health, Workers' Compensation, Aircraft (all perils), Fidelity, Financial Guarantee, Surety, Glass, Boiler and Machinery, Credit, Title, and/or Life.
10. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, insurrection, military or usurped power, martial law or confiscation by order of any government or public authority.
11. Business excluded by the following attached Nuclear Incident Exclusion Clauses:

- a. Nuclear Incident Exclusion Clauses – Liability – Reinsurance – U.S.A.
 - b. Nuclear Incident Exclusion Clauses – Physical Damage – Reinsurance – U.S.A.
12. Acts of Terrorism including those that involve the use, release, or escape of nuclear, biological or chemical materials, or directly or indirectly result in nuclear reaction or radiation or radioactive contamination; and it appears that the purpose of the terrorism was to release such materials. “Acts of Terrorism” means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This exclusion shall not be construed to apply to loss occasioned by riots, strikes, civil commotion, vandalism or malicious damage as those terms have been interpreted by United States Courts to apply to insurance policies.

- B. If any business falling within the scope of exclusion A(5) or A(6) above is assigned to the Company under an Assigned Risk Plan, such exclusion(s) shall not apply, it being understood and agreed that the limits of liability extended by the Company as respects such Policies shall not exceed the minimum statutory limits of liability prescribed in such Assigned Risk Plan.

ARTICLE 8

SPECIAL ACCEPTANCE

Business that is not within the scope of this Contract may be submitted to the Reinsurer for special acceptance hereunder, and such business, if accepted by the Reinsurer shall be covered hereunder, subject to the terms and conditions of this Contract, except as modified by the special acceptance.

ARTICLE 9

OTHER REINSURANCE

- A. The Company shall maintain the following other reinsurance, premiums for which shall be deducted hereunder prior to the cessions of this Contract, in accordance with the provisions of the Definitions Article, if purchased from non-related reinsurers including any retrocession by those reinsurers:
- 1. As respects policies outlined in paragraph A.3 of Article 3 – Maximum Limits of Liability - with limits in excess of financial responsibility limits, Automobile Liability Excess of Loss Reinsurance to limit its liability to \$50,000 per Policy, per Occurrence

- (excluding any Extra Contractual Obligations and/or Loss in Excess of Policy Limits, Personal Injury Protection, Comprehensive and Collision);
2. Combination Catastrophe Excess of Loss Reinsurance of \$3,000,000 excess \$3,000,000; and
 3. Automobile Physical Damage Catastrophe Reinsurance of a minimum of \$5,000,000 excess \$6,000,000.
- B. The Company may maintain other reinsurance, recoveries under which shall inure to the benefit of this Contract. Premium for such inuring reinsurance shall be deducted prior to the cessions of this Contract in accordance with the provisions of the Definitions Article.

ARTICLE 10

CONSIDERATION

- A. The Company shall cede to the Reinsurer its exact proportion of the Net Written Premium Income collected by the Company.
- B. Nothing contained herein shall be deemed to transfer the credit risk of collecting original Policy premiums from the Company to the Reinsurer. That credit risk shall remain with the Company.
- C. Premium shall be considered to be collected when paid to the Company by any insured under any type of payment plan. All uncollected premiums shall be the sole liability of the Company and shall have no effect on any amounts owed the Reinsurer under this Contract.

ARTICLE 11

PROVISIONAL CEDING COMMISSION

The Reinsurer will allow the Company a provisional ceding commission of 22.65% multiplied by the ceded Net Written Premium Income, which shall be remitted to the Reinsurer when collected, as per the Accounts and Remittances Article. Return commission shall be allowed on return premiums at the same rate.

ARTICLE 12

COMMISSION ADJUSTMENT

- A. The provisional commission allowed the Company shall be adjusted in accordance with the provisions set forth herein.
- B. The adjusted commission rate shall be calculated as follows and applied to Net Earned Premium:

1. if the ratio of Losses Incurred to Net Earned Premium is 74.75% or greater, the adjusted commission rate shall be 15.90%;
 2. if the ratio of Losses Incurred to Net Earned Premium is less than 74.75%, but not less than 64.75%, the adjusted commission rate shall be 15.90%, plus 9/10ths of the difference in percentage points between 74.75% and the actual ratio of Losses Incurred to Net Earned Premium;
 3. if the ratio of Losses Incurred to Net Earned Premium is less than 64.75%, but not less than 59.00%, the adjusted commission rate shall be 24.90%, plus the difference in percentage points between 64.75% and the actual ratio of Losses Incurred to Net Earned Premium;
 4. if the ratio of Losses Incurred to Net Earned Premium is 59.00% or less, the adjusted commission rate shall be 30.65%.
- C.
1. Within 30 days after the expiration date of this Contract, and on a quarterly basis thereafter until all Losses under Policies covered hereunder have been settled, the Company shall calculate and report the adjusted commissions on Net Earned Premium for the respective periods. If the adjusted commission on Net Earned Premium for a period is less than the commissions previously allowed by the Reinsurer on Net Earned Premium for that period, the Company shall remit the difference to the Reinsurer with its report. The Reinsurer shall not be required to remit funds to the Company, if any, based on commission adjustment calculations for quarters ending prior to 24 months after inception of this Contract.
 2. Beginning with the commission adjustment for the quarter ending 24 months after the inception of this Contract, if the adjusted commission on Net Earned Premium for a period is less than the commissions previously allowed by the Reinsurer on Net Earned Premium for that period, the Company shall remit the difference to the Reinsurer with its report. If the adjusted commission on Net Earned Premium for a period as of the date of adjustment is greater than commissions previously allowed by the Reinsurer on Net Earned Premium for that period hereunder, the Reinsurer shall remit the difference to the Company within 30 days after receipt and verification of the Company's report.

ARTICLE 13

ACCOUNTS AND REMITTANCES

- A. Within 30 days following the end of each month, the Company will render an account to the Reinsurer as follows, summarized by line of business:
1. ceded Net Written Premium Income accounted for during the month;
 2. ceded Net Written Premium Income collected during the month;

3. Net Earned Premium during the month;
4. provisional ceding commission, as provided for in this Contract, applied to (2) above;
5. ceded Loss, further categorized as either claims under Policies or expenses, as identified in paragraph F of the Definitions Article and subject to the limit as described in the provisions of the Loss Expenses Article, calculated on a monthly and a cumulative basis, paid during the month (net of any payment during the month under the “cash call” provisions of the Loss Reporting and Loss Settlements Article);
6. Loss Expense Allowance, equal to 8.0% of (3), plus the Reinsurer’s quota share percentage of Attorney Fees and Expenses paid during the month (subject to the limit of 3.0% of Net Earned Premium, in accordance with the provisions of the Loss Expenses Article, calculated on a cumulative basis);
7. the Reinsurer’s share of subrogation, salvage, or other recoveries on Losses ascribed to this Contract;
8. a breakdown of the expense items included in subparagraph (5) above as defined in paragraph F of the Definitions Article.

If the balance of items (2), less (4), less (5), less (6), plus (7) is due to the Reinsurer, the Company will remit any balance due with its report. If the balance is due to the Company, the Reinsurer will remit any balance due as soon as reasonably practicable after receiving the monthly report, but not to exceed 30 days after receiving the monthly report.

- B. The monthly account will also bear a notation advising of the outstanding Loss and loss expense reserve, summarized by line of business, and the unearned premium reserve at the end of the month, summarized by line of business. Should Loss attributable to a Catastrophe Loss Occurrence be involved, the account should bear a notation showing the ISO number(s) and the paid Loss and loss expense and the outstanding Loss and loss expenses applicable.
- C. The Company shall also provide to the Reinsurer, within 30 days after each calendar quarter, an informational report of business covered hereunder, such report to include data on a paid loss and an incurred loss basis, separately by line of coverage, separately for loss and loss expenses and separately by product by line of coverage.
- D. Annually, the Company shall furnish to the Reinsurer any other information which the Reinsurer may require for completion of its financial statements which may be reasonably available to the Company.

ARTICLE 14

SPECIAL PROVISIONS

- A. It is agreed that the Net Written Premium Income (after reduction through the provisions of paragraph B below to each and every New Product) for Policies subject to this Contract shall not exceed \$1,100,000,000, unless specially accepted and approved in writing by the Reinsurer. In the event this premium limit applies, the quota share cession hereunder shall be reduced to the same proportion that \$1,100,000,000 bears to the Company's subject Net Written Premium Income.
- B. Notwithstanding paragraph A. above, it is agreed:
1. that the Net Written Premium Income for Policies subject to this Contract shall not exceed \$520,000,000 for the July 1, 2017 to June 30, 2018 term.
 2. that the Net Written Premium Income for Policies subject to this Contract shall not exceed \$40,000,000 from any one New Product for a maximum of 12 months from the date of the initial rate filing, unless specially accepted and approved in writing by the Reinsurer. In the event this premium limit applies to a New Product, the quota share cession hereunder for that New Product shall be reduced to the same proportion that \$40,000,000 bears to the Company's subject Net Written Premium Income for that New Product.
 3. that the Net Written Premium Income associated with coverage of New Products under Policies subject to this Contract shall not exceed 30% of the total Net Written Premium Income subject hereto.
 4. that the Net Written Premium Income associated with coverage of the State of Texas under Policies subject to this Contract shall not exceed 17.5% of the total Net Written Premium Income subject hereto.
 5. that the Net Written Premium Income associated with coverage of all other New States under Policies subject to this Contract shall not exceed 12.5% of the total Net Written Premium Income subject hereto.

ARTICLE 15

DEFINITIONS

- A. "Private Passenger Automobile Liability Business and Automobile Physical Damage Business" means all insurance classified by the Company as Private Passenger Automobile Liability (including Bodily Injury, Property Damage, Personal Injury Protection, Medical Payments, Uninsured and Underinsured Motorist Protection) and Automobile Physical Damage and Uninsured Motorist Property Damage Insurance as defined in the ISO Private Passenger Automobile Manual and individual risks as may be directly assigned to the

Company under Private Passenger assigned risk pools, plans, or other residual market mechanisms.

- B. “Policy” means any binder, policy, or contract of insurance issued, accepted or held covered provisionally or otherwise, by or on behalf of the Company.
- C. “Losses Incurred” means ceded Losses and Attorney Fees and Expenses paid as of the effective date of calculation, plus the ceded reserves for Losses and Attorney Fees and Expenses outstanding as of the same date, plus or minus, as respects each Subscribing Reinsurer, the dollar amount of the deficit or credit incurred by that Subscribing Reinsurer under the predecessor contract to this Contract. “Losses Incurred” shall also include the Loss Expense Allowance applied to Net Earned Premium as of the date of calculation.

For purposes of calculating the commission adjustment, Losses Incurred also shall include reserves for Losses Incurred But Not Reported (hereinafter “IBNR reserves”) which shall be calculated as follows:

1. Calculations effective 12 to 24 months after inception of this Contract: 3.50% of the Net Earned Premium.
2. Calculations effective 25 to 36 months after inception of this Contract: 1.50% of the Net Earned Premium.

Computation of IBNR reserves will be eliminated for calculations beyond 36 months after inception of this Contract.

- D. “Net Written Premium Income” means gross written premium of the Company, excluding Policy fees, premium finance income, billing fees and other fees collected by the Company in connection with business covered hereunder, regardless of whether these fees are taxed as premium by the jurisdiction in question, less cancellations and return premiums, and less premium ceded by the Company for reinsurance outlined in paragraph A of the Other Reinsurance Article and any other reinsurance which inures to the benefit of this Contract.
- E. “Net Earned Premium” means ceded Net Written Premium Income collected by the Company for Policies subject to this Contract, less the unearned portion thereof as of the effective date of calculation.
- F. “Loss” means claims paid under the Company’s Policies, and all costs and expenses related to any Examination Under Oath/Scheduled Recorded Statement, Independent Medical Exam, Peer Review, Diagnostic Study Review, SIU Related Activities and Post or Prejudgment Interest and Penalties, as respects claims covered under this Contract.
- G. “Occurrence” means each and every disaster, casualty, accident, or loss or series of disasters, casualties, accidents or losses arising out of one event. The Company shall be the sole judge of what constitutes one event.

- H. “Catastrophe Loss Occurrence” means an event that is a Property Claims Service numbered event.
- I. “Attorney Fees and Expenses” means all fees and expenses of outside attorneys for both defendants and plaintiffs, as respects claims subject to this Contract.
- J. “Examination Under Oath/Scheduled Recorded Statement” means a formal and transcribed statement of a claimant, insured, or any other relevant party to a loss, done in the presence of a court reporter. Associated external costs include but are not limited to the following:
1. court reporter;
 2. facility rental;
 3. translator;
 4. transportation;
 5. transcription;
 6. videographer;
 7. no show fees;
 8. certificate of non-appearance fees;
 9. process server; and
 10. private investigators, as needed.
- K. “Independent Medical Exam” means a physical examination of a claimant by an independent, licensed medical provider. Associated external costs include but are not limited to the following:
1. physician fees;
 2. translator;
 3. transportation;
 4. no show fees; and
 5. videographer, as needed.
- L. “Peer Review” means a review of all relevant medical and loss documentation by an external, independent, licensed medical provider who opines as to the reasonableness, causal relation and medical necessity of the treatments rendered to date. In some instances, this includes forward-looking statements concerning the necessity of additional treatment.

- M. “Diagnostic Study Review” means a review of X-rays, MRIs, CT Scans and other types of diagnostic studies by an external, independent, licensed medical provider to verify the nature, extent and severity of the alleged injury.
- N. “SIU Related Activities” means necessary external costs associated with suspicious claims in addition to those mentioned in paragraphs I through L above. Such external costs shall include but not be limited to the following:
1. accident reconstruction and/or scene investigation;
 2. surveillance;
 3. clinical inspections;
 4. process server.
- O. “Post or Prejudgment Interest and Penalties” means interest or external penalties added to a settlement (arising from a lawsuit or otherwise), verdict, award, or judgment based on the period of time prior to or after the settlement (arising from a lawsuit or otherwise), verdict, award, or judgment whether or not expressly identified as such.
- P. “New Product” means any new product with an initial rate filing during the term of this Contract.
- Q. “New State” means any state other than Florida.

ARTICLE 16

EXTRA CONTRACTUAL OBLIGATIONS/EXCESS OF POLICY LIMITS

- A. Subject to the provisions of the Cover Article, this Contract shall cover 100.0% of Extra Contractual Obligations. “Extra Contractual Obligations” shall be defined as those liabilities not covered under any other provision of this Contract and that arise from the handling of any claim on business covered hereunder, such liabilities arising because of, but not limited to, the following: failure by the Company to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.
- B. Subject to the provisions of the Cover Article, this Contract shall cover 100.0% of Loss in Excess of Policy Limits. “Loss in Excess of Policy Limits” shall be defined as Loss in excess of the Policy limit, having been incurred because of, but not limited to, failure by the Company to settle within the Policy limit or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.

- C. An Extra Contractual Obligation and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the claim covered under the Company's Policy, and shall constitute part of the original claim.
- D. For the purposes of the Loss in Excess of Policy Limits coverage hereunder, the word "Loss" means any amounts for which the Company would have been contractually liable to pay had it not been for the limit of the original Policy.
- E. However, this Article shall not apply where the Loss has been incurred due to fraud of a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.
- F. In no event shall coverage be provided to the extent not permitted under law.

ARTICLE 17

ORIGINAL CONDITIONS

All reinsurance under this Contract shall be subject to the same rates, terms, conditions, waivers and interpretations, and to the same modifications and alterations as the respective Policies of the Company. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.

ARTICLE 18

SALVAGE AND SUBROGATION

The Reinsurer shall be credited with its proportionate share of salvage or subrogation recoveries (i.e., reimbursement obtained or recovery made by the Company, less the actual cost, excluding salaries of officials and employees of the Company, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder.

ARTICLE 19

NO THIRD PARTY RIGHTS

No person, other than the Company, has any rights against the Reinsurer which are not specifically set forth in this Contract or in a specific written, signed agreement between the Reinsurer and the person.

ARTICLE 20

LOSS REPORTING AND LOSS SETTLEMENTS

- A. As respects losses subject to this Contract, all loss settlements made by the Company, whether under strict Policy terms or by way of compromise, and any Extra Contractual Obligations and/or Loss in Excess of Policy Limits, shall be binding upon the Reinsurer in proportion to its participation, and the Reinsurer shall benefit proportionally in all salvages and recoveries.
- B. Any Ex-Gratia Settlement made by the Company on a loss subject to this Contract shall be binding on the Reinsurer, provided the Company has submitted the settlement to the Reinsurer in writing for approval. If the Ex-Gratia Settlement is accepted by the Reinsurer, it shall be subject to the terms of this Contract. The Reinsurer shall be deemed to have accepted an Ex-Gratia Settlement if it has not responded within ten business days after receiving the information on such settlement. "Ex-Gratia Settlement" shall be defined as a payment tendered under the Policies reinsured hereunder for which there is no legal obligation on the part of the Company under the terms and conditions of the original Policy and which are made solely to maintain the good will of the original insured.
- C. Should the amount recoverable under this Contract exceed \$100,000 any one loss, the Company may give the Reinsurer notice of payment made or its intention to make payment on a certain date. If the Company has paid said Loss and related expense, payment shall be made by the Reinsurer immediately. If the Company intends to pay the Loss and related expense by a certain date and has submitted a proof of loss or similar document, payment shall be due from the Reinsurer 24 hours prior to that date, provided the Reinsurer has a period of ten business days after receipt of said notice to dispatch the payment. Cash amounts specifically remitted by the Reinsurer as set forth herein shall be credited to the next monthly account.

ARTICLE 21

LOSS EXPENSES

- A. The Reinsurer shall allow the Company an amount equal to 8.0% of the Net Earned Premium (the "Loss Expense Allowance"), in addition to its liability for Loss hereunder, representing expenses incurred by the Company in the investigation, adjustment, appraisal or defense of all claims under Policies reinsured hereunder, including declaratory judgment expenses (excluding, however, office expenses and salaries of officials of the Company).
- B. The Reinsurer shall also be responsible for its share of any Attorney Fees and Expenses incurred by the Company in such claims-handling activities and shall receive its proportionate share of any recoveries of such expenses. However, the Reinsurer's share of such Attorney Fees and Expenses, including those incurred in connection with Extra

Contractual Obligations and Loss in Excess of Policy Limits, shall not exceed 3.0% of Net Earned Premium.

- C. Notwithstanding the above, the Reinsurer's share of Attorney Fees and Expenses, and all costs and expenses related to any Examination Under Oath/Scheduled Recorded Statement, Independent Medical Exam, Peer Review, Diagnostic Study Review, SIU Related Activities and Post or Prejudgment Interest and Penalties, combined, as respects claims covered under this Contract, shall not exceed 6.0% of Net Earned Premium.

ARTICLE 22

OFFSET

Each party hereto shall have, and may exercise at any time and from time to time, the right to offset any and all balances due from a party to the other arising under this Contract or under any other reinsurance contract entered into between the Company and the Reinsurer, whether acting as assuming reinsurer or as ceding company. In the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with the provisions of any applicable law governing offset entitlement.

ARTICLE 23

CURRENCY

- A. Where the word "Dollars" and/or the sign "\$" appear in this Contract, they shall mean United States Dollars, and all payments hereunder shall be in United States Dollars.
- B. For purposes of this Contract, where the Company receives premiums or pays losses in currencies other than United States Dollars, such premium or losses shall be converted into United States Dollars at the actual rates of exchange at which there premiums or losses are entered in the Company's books.

ARTICLE 24

UNAUTHORIZED REINSURANCE

- A. This Article applies only to the extent that the Company cannot obtain credit for reinsurance for the cessions to a Subscribing Reinsurer as provided under the laws of Company's domiciliary state or such other law as may be applicable and in effect while this Contract is in effect.
- B. The Company agrees, in respect of its Policies or bonds falling within the scope of this Contract, that when it files with its insurance regulatory authority, or sets up on its books liabilities as required by law, it will forward to the Reinsurer a statement showing the

proportion of such liabilities as applicable to the Reinsurer. The “Reinsurer’s Obligations” shall be defined as the sum of the following:

1. reserves for unearned premium (if applicable);
 2. reserves for outstanding Losses that have not been recovered from the Reinsurer including outstanding loss expenses related thereto;
 3. Losses paid by the Company but not recovered from the Reinsurer including allocated loss expenses paid by the Company but not recovered from the Reinsurer related thereto;
 4. reserves for Losses incurred but not reported including loss expenses related thereto not received from the Reinsurer;
 5. all other amounts for which the Company cannot take credit for reinsurance on its financial statements unless security is provided by the Reinsurer.
- C. The Reinsurer’s Obligations shall be funded by funds withheld by the Company from the Reinsurer, cash advances made by the Reinsurer to the Company and held by the Company as security for the reinsurance hereunder, trust account, or a Letter of Credit (LOC) subject to and governed by the laws of Florida. The Reinsurer shall have the option of determining the method of security provided it is acceptable to Company’s domiciliary regulator or such other regulator as may be determined by law.
- D. 1. When funding by a Trust Agreement, the parties shall enter into a Trust Agreement with a permitted trustee under Florida statutes and/or regulations relating to credit for reinsurance (“Florida Requirements”) and such Trust Agreement provisions shall be in compliance with Florida Requirements. When funding by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC issued by a qualified United States financial institution effective no later than December 31 of the year for which the annual statement filing is made and in the possession of or in trust for, the Company on or before the filing date of its annual statement and containing provisions acceptable to the Company’s domiciliary insurance regulator equal to at least the Reinsurance Obligations. Such LOC shall be issued for a period of not less than one year, shall be automatically extended for one year from its date of expiration or any future expiration date unless sixty (60) days prior to any expiration or renewal date the issuing bank shall notify the Company by certified or registered mail that the issuing qualified United States financial institution elects not to extend or renew the LOC for any additional period.
2. For the purpose of the issuance of a LOC, a qualified United States financial institution shall mean an institution that (1) is organized or in the case of an United States office of a foreign banking organization is licensed under the laws of the United States or any state thereof, (2) is regulated, supervised and examined by the United States or state authorities having regulatory authority over banks and trust

companies and (3) has been determined by either the OIR or the Securities Valuation Office of the National Association of Insurance Commissioners to meet such standards of financial condition and standing as are considered necessary and appropriate to regulate the quality of financial institutions when Letters of Credit will be acceptable to the OIR. All drafts drawn on the Letter of Credit shall be presentable at an office in the United States of the qualified United States financial institution.

- E. The Reinsurer and the Company agree that the LOC may be drawn upon at any time, notwithstanding any other provisions of this Contract and shall be utilized by the Company or any successors in interest, by operation of law, including without limitation, any liquidator, rehabilitator, receiver or conservator of the Company, without diminution because of insolvency on the part of the Company or the Reinsurer, for the following purposes:
1. To pay or reimburse the Company for:
 - a. the Reinsurer's share under this Contract of premiums returned, but not yet recovered from the Reinsurer, to the owners of Policies reinsured under this Contract on account of cancellations of such Policies; and
 - b. the Reinsurer's share, under this Contract of benefits or losses paid by the Company, but not recovered from the Company, under the terms and provisions of the Policies reinsured under this Contract; and
 - c. any amounts necessary to secure credit or reduction from liability for reinsurance taken by the Company.
 2. Where the Letter of Credit will expire without renewal or be reduced or replaced by a Letter of Credit for a reduced amount and where the Reinsurer's entire obligations under this Contract remain unliquidated and undischarged ten (10) days prior to the termination date, to withdraw amounts equal to the Reinsurer's share of liabilities, to the extent that the liabilities have not yet been funded by the Reinsurer and exceed the amount of any reduced or replacement Letter of Credit and deposit those amounts in a separate account in the name of the Company in a qualified U.S. financial institution apart from its general assets, in trust for such uses and purposes specified in subparagraph (1), above, as may remain after withdrawal and for any period after the termination date.
 3. If the amount drawn by the Company is in excess of the actual amount required for E(1) or E(2), the Company shall promptly return to the Reinsurer the excess amount so drawn.
 4. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

5. At quarterly intervals, or more frequently upon mutual agreement of the Company and the Reinsurer, the Company shall prepare a specific statement of the Reinsurer's Obligations for the sole purpose of amending the LOC in the following manner:
 - a. If the statement shows that the Reinsurer's Obligations exceed the balance of the LOC as of the statement date, the Reinsurer, shall within 30 days after receipt of the statement, secure delivery to the Company of an amendment to the LOC increasing the amount of credit by the amount of such difference.
 - b. If, however, the statement shows the Reinsurer's Obligations are less than the balance of the LOC, as of the statement date, the Company shall, within 30 days after receipt of written request from the Reinsurer, shall agree to an amendment of the LOC reducing the amount of credit available by the amount of the excess amount.

ARTICLE 25

TAXES

- A. In consideration of the terms under which this Contract is issued, the Company undertakes not to claim any deduction of the premium hereon when making tax returns, other than Income or Profits Tax returns, to any state or territory of the United States of America or to the District of Columbia.
- B.
 1. Each Subscribing Reinsurer has agreed to allow, for the purpose of paying the Federal Excise Tax, the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) to the extent such premium is subject to Federal Excise Tax.
 2. In the event of any return of premium becoming due hereunder, the Subscribing Reinsurer shall deduct the applicable percentage of the premium from the amount of the return, and the Company or its agent should take steps to recover the Tax from the U.S. Government.

ARTICLE 26

ACCESS TO RECORDS

The Reinsurer or its duly authorized representatives shall have the right to visit the offices of the Company to inspect, examine, audit, and verify any of the policy, accounting or claim files ("Records") relating to business reinsured under this Contract during regular business hours after giving five working days' prior notice. This right shall be exercisable during the term of this Contract or after the expiration of this Contract. Notwithstanding the above, the Reinsurer shall not have any right of access to the Records of the Company if it is not current in all undisputed payments due the Company.

ARTICLE 27

CONFIDENTIALITY

- A. The Reinsurer hereby acknowledges that the documents, information and data provided to it by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract (“Confidential Information”) are proprietary and confidential to the Company. Confidential Information shall not include documents, information or data that the Reinsurer can show:
1. are publicly known or have become publicly known through no unauthorized act of the Reinsurer;
 2. have been rightfully received from a third person without obligation of confidentiality; or
 3. were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.
- B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except:
1. when required by retrocessionaires as respects the business ceded to this Contract;
 2. when required by regulators performing an audit of the Reinsurer’s records and/or financial condition; or
 3. when required by external auditors performing an audit of the Reinsurer’s records in the normal course of business.
- Further, the Reinsurer agrees not to use any Confidential Information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.
- C. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the Confidential Information, the Reinsurer agrees to provide the Company with written notice of same at least 10 days prior to such release or disclosure and to assist the Company in maintaining the confidentiality provided for in this Article. The Company shall bear the cost of resisting such release or disclosure. If a protective order is not obtained, the Reinsurer agrees to disclose only that portion of the Confidential Information that it has been advised by its counsel is legally required to be disclosed.
- D. The provisions of this Article shall extend to the officers, directors, and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

ARTICLE 28

INDEMNIFICATION AND ERRORS AND OMISSIONS

- A. The Reinsurer is reinsuring, subject to the terms and conditions of this Contract, the obligations of the Company under any Policy. The Company shall be the sole judge as to:
 - 1. what shall constitute a claim or loss covered under any Policy;
 - 2. the Company's liability thereunder;
 - 3. the amount or amounts that it shall be proper for the Company to pay thereunder.
- B. The Reinsurer shall be bound by the judgment of the Company as to the obligation(s) and liability(ies) of the Company under any Policy.
- C. Any inadvertent error, omission or delay in complying with the terms and conditions of this Contract shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified as soon as practicable upon discovery.

ARTICLE 29

INSOLVENCY

- A. If more than one reinsured company is referenced within the definition of "Company" in the Preamble to this Contract, this Article will apply severally to each such company. Further, this Article and the laws of the domiciliary state will apply in the event of the insolvency of any company covered hereunder. In the event of a conflict between any provision of this Article and the laws of the domiciliary state of any company covered hereunder, that domiciliary state's laws will prevail.
- B. In the event of the insolvency of the Company, this reinsurance (or the portion of any risk or obligation assumed by the Reinsurer, if required by applicable law) shall be payable directly to the Company, or to its liquidator, receiver, conservator or statutory successor, either: (1) on the basis of the liability of the Company, or (2) on the basis of claims filed and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Company or because the liquidator, receiver, conservator or statutory successor of the Company has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Company shall give written notice to the Reinsurer of the pendency of a claim against the Company indicating the Policy or bond reinsured, which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be

adjudicated any defense or defenses that it may deem available to the Company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit that may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

- C. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this reinsurance Contract as though such expense had been incurred by the Company.
- D. As to all reinsurance made, ceded, renewed, or otherwise becoming effective under this Contract, the reinsurance shall be payable as set forth above by the Reinsurer to the Company or its liquidator, receiver, conservator or statutory successor, except where (1) this Contract specifically provides payment to the named insured, assignee or named beneficiary of the policy issued by the Company in the event of the insolvency of the Company and (2) where the Reinsurer, with the consent of the named insured, has assumed such policy obligations of the Company as direct obligations of the Reinsurer in substitution of the obligations of the Company to the named insured. Then, and in that event only, the Company, with the prior approval of the applicable insurance regulatory authority is entirely released from its obligation and the Reinsurer shall pay the Loss directly as set forth herein.

ARTICLE 30

ARBITRATION

- A. All disputes and differences arising under or in connection with this Contract between the Company and the Reinsurer shall be referred to arbitration under ARIAS (U.S.) Arbitration Rules. Prior to any reference to arbitration hereunder, the Company and the Reinsurer shall use their best endeavors, over a period of 30 days from the date on which the dispute or difference has been notified (via certified or registered mail) to the other party, to resolve any such dispute or difference by negotiation or mediation.
- B. If the parties are unable to resolve their dispute or difference by negotiation or mediation, they shall refer it to an Arbitration Panel (“Panel”) which shall consist of three arbitrators, one to be appointed by the Company, one to be appointed by the Reinsurer and the third to be appointed by the two appointed arbitrators.
- C. The third member of the Panel shall be appointed as soon as practicable (but no later than 30 days) after the appointment of the two party-appointed arbitrators. The Panel shall be constituted upon the appointment of the third arbitrator.

- D. The arbitrators shall be persons (including those who have retired) with not less than 10 years' experience of insurance or reinsurance within the industry or as lawyers or other professional advisers serving the industry.
- E. Where a party fails to appoint an arbitrator within 14 days of being called upon to do so or where the two party-appointed arbitrators fail to appoint a third within 30 days of their appointment, then upon application ARIAS (U.S.) will appoint an arbitrator to fill the vacancy. At any time prior to the appointment by ARIAS (U.S.), the party or arbitrators in default may make such appointment.
- F. The Panel may in its sole discretion make such orders and directions as it considers necessary for the final determination of the matters in dispute. The arbitrators and umpire shall interpret this Contract as an honorable engagement, and shall not be obligated to follow strict rules of law or evidence. In making their award, they shall apply the custom and practice of the insurance and reinsurance industry, with a view to effecting the general purpose of this Contract.
- G. The decision of a majority of the Panel shall be final and binding, except to the extent otherwise provided in the Federal Arbitration Act. The Panel shall render its award in writing. Judgment upon the award may be entered in any court having jurisdiction, pursuant to the Federal Arbitration Act. Unless the Panel orders otherwise, each party shall pay: (1) the fees and expenses of its own arbitrator; and (2) an equal share of the fees and expenses of the umpire and of the other expenses of the arbitration.
- H. The seat of arbitration shall be Miami, Florida.

ARTICLE 31

SERVICE OF SUIT

- A. This Article applies only to those Subscribing Reinsurers not domiciled in the United States of America, and/or not authorized in any state, territory and/or district of the United States of America where authorization is required by insurance regulatory authorities.
- B. This Article shall not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.
- C. In the event of the failure of the Reinsurer to perform its obligations hereunder, the Reinsurer, at the request of the Company, shall submit to the jurisdiction of a court of competent jurisdiction in any state within the United States. The Reinsurer shall comply with all requirements necessary to give said court jurisdiction and shall abide by the final decision of such court or of any appellate court in the event of an appeal. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's right to

commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or any state in the United States.

- D. Service of process in such suit may be made upon Reinsurer's true and lawful attorney, Messrs. Kerns, Frost and Pearlman, 70 West Madison Street, Suite 5350, Chicago, Illinois 60602, upon whom may be served any lawful process in any action, suit or process instituted by or on behalf of the Company. This section is not intended to conflict or override the obligation of the parties to this Contract to arbitrate their disputes, as set forth in this Contract.
- E. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefore, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

ARTICLE 32

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation by the laws of the State of Florida, exclusive of conflict of law rules. However, with respect to credit for reinsurance, the rules of all applicable states shall apply.

ARTICLE 33

ENTIRE CONTRACT

- A. This Contract sets forth all of the duties and obligations between the Company and the Reinsurer and supersedes any and all prior or contemporaneous or written agreements with respect to matters referred to in this Contract. The Contract may not be modified, amended or changed except by an agreement in writing signed by both parties.
- B. The preceding notwithstanding, nothing in this Contract shall be construed to limit the admissibility of evidence regarding the formation, interpretation, purpose or intent of this Contract.

ARTICLE 34

AGENCY

For purposes of sending and receiving notices and payments required by this Contract, Windhaven Insurance Company shall be deemed the agent of all other reinsured companies referenced in this Contract. In no event, however, shall any reinsured company be deemed the agent of another with respect to the terms of the Insolvency Article or for any other purposes.

ARTICLE 35

INTERMEDIARY

Guy Carpenter & Company, LLC, is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including notices, statements, premiums, return premiums, commissions, taxes, Losses, loss expenses, salvages, and Loss settlements) relating thereto shall be transmitted to the Company or the Reinsurer through the Intermediary. Payments by the Company to the Intermediary shall be deemed payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed payment to the Company only to the extent that such payments are actually received by the Company.

ARTICLE 36

MODE OF EXECUTION

- A. This Contract may be executed by:
1. an original written ink signature of paper documents;
 2. an exchange of facsimile copies showing the original written ink signature of paper documents;
 3. electronic signature technology employing computer software and a digital signature or digitizer pen pad to capture a person's handwritten signature in such a manner that the signature is unique to the person signing, is under the sole control of the person signing, is capable of verification to authenticate the signature and is linked to the document signed in such a manner that if the data is changed, such signature is invalidated.
- B. The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

IN WITNESS WHEREOF, the Company has caused this Contract to be executed by its duly authorized representative, who confirms the Company's review of and agreement to be bound by the terms and conditions of the Interests and Liabilities Agreements attached to and forming part of this Contract.

On this 28th day of June, in the year of 2017.

WINDHAVEN INSURANCE COMPANY
WINDHAVEN NATIONAL INSURANCE COMPANY



PRIVATE PASSENGER AUTOMOBILE QUOTA SHARE
REINSURANCE CONTRACT

**NUCLEAR INCIDENT EXCLUSION CLAUSE – LIABILITY – REINSURANCE –
U.S.A.**

- (1) This reinsurance does not cover any loss or liability accruing to the Reassured as a member of or subscriber to any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such member, subscriber or association.
- (2) Without in any way restricting the operation of paragraph (1) of this Clause it is understood and agreed that for all purposes of this reinsurance all the original policies of the Reassured (new, renewal and replacement) of the classes specified in Clause II of this paragraph (2) shall be deemed to include the following provision (specified as the Limited Exclusion Provision):

LIMITED EXCLUSION PROVISION*

- I. It is agreed that the policy does not apply under any liability coverage, to

(injury, sickness, disease, death or destruction)

(bodily injury or property damage)

with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.

- II. Family Automobile Policies (liability only), Special Automobile Policies (private passenger automobiles, liability only), Farmers Comprehensive Personal Liability Policies (liability only), Comprehensive Personal Liability Policies (liability only) or policies of a similar nature; and the liability portion of combination forms related to the four classes of policies stated above, such as the Comprehensive Dwelling Policy and the applicable types of Homeowners Policies.
- III. The inception dates and thereafter of all original policies as described in II above, whether new, renewal or replacement, being policies which either
 - (a) become effective on or after May 1st, 1960, or
 - (b) become effective before that date and contain the Limited Exclusion Provision set out above: provided this paragraph (2) shall not be applicable to Family Automobile Policies, Special Automobile Policies, or policies or combination policies of a similar nature, issued by the Reassured on New York risks, until 90 days following approval of the Limited Exclusion Provision by the Governmental Authority having jurisdiction thereof.

- (3) Except for those classes of policies specified in Clause II of paragraph (2) and without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that for all purposes of this reinsurance the original liability policies of the Reassured (new, renewal and replacement) affording the following coverages:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability),

shall be deemed to include, with respect to such coverages, from the time specified in Clause V of this paragraph (3), the following provision (specified as the Broad Exclusion Provision):

BROAD EXCLUSION PROVISION*

It is agreed that the policy does not apply:

I. Under any Liability Coverage, to

(injury, sickness, disease, death or destruction)

(bodily injury or property damage)

- (a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability: or
- (b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to

(immediate medical or surgical relief,)

(first aid,)

to expenses incurred with respect to

(bodily injury, sickness, disease or death)

(bodily injury)

resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage, to

(injury, sickness, disease, death or destruction)

(bodily injury or property damage)

resulting from the hazardous properties of nuclear material, if

(a) the nuclear material (1) is at any facility owned by or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom:

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured: or

(c) the

(injury, sickness, disease, death or destruction)

(bodily injury or property damage)

arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to

(injury to or destruction of property at such nuclear facility.)

(property damage to such nuclear facility and any property thereat).

IV. As used in this endorsement:

“hazardous properties” include radioactive, toxic or explosive properties;

“nuclear material” means source material, special nuclear material or by-product material;

“source material,” “special nuclear material” and “by-product material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

“spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

“waste” means any waste material (a) containing by-product material other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content, and (b) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof;

“nuclear facility” means:

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

“nuclear reactor” means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material:

“property damage” includes all forms of radioactive contamination of property. (With respect to injury to or destruction of property, the word “injury” or “destruction” includes all forms of radioactive contamination of property.)

V. The inception dates and thereafter of all original policies affording coverages specified in this paragraph (3), whether new, renewal or replacement, being policies which become effective on or after May 1st, 1960, provided this paragraph (3) shall not be applicable to:

- (i) Garage and Automobile Policies issued by the Reassured on New York risks, or
- (ii) statutory liability insurance required under Chapter 90, General Laws of Massachusetts, until 90 days following approval of the Broad Exclusion Provision by the Governmental Authority having jurisdiction thereof.

- (4) Without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that paragraphs (2) and (3) above are not applicable to original liability policies of the Reassured in Canada and that with respect to such policies this Clause shall be deemed to include the Nuclear Energy Liability Exclusion Provisions adopted by the Canadian Underwriters' Association or the Independent Insurance Conference of Canada.

***NOTE:** * The words printed in italics in the Limited Exclusion Provision and in the Broad Exclusion Provision shall apply only in relation to original liability policies which include a Limited Exclusion Provision or Broad Exclusion Provision containing those words.

N.M.A. 1590 (amended)
21/9/67

**NUCLEAR INCIDENT EXCLUSION CLAUSE – PHYSICAL DAMAGE –
REINSURANCE – U.S.A.**

1. This Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.
2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:
 - I. Nuclear reactor power plants including all auxiliary property on the site, or
 - II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or
 - III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material,” and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or
 - IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.
3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate
 - (a) where Reassured does not have knowledge of such nuclear reactor power plant or nuclear installation, or
 - (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.
4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reassured to be the primary hazard.
6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.
7. Reassured to be sole judge of what constitutes:
 - (a) substantial quantities, and
 - (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

- (a) all policies issued by the Reassured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.
- (b) with respect to any risk located in Canada policies issued by the Reassured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

12/12/57
NMA 1119

NOTES: Wherever used herein the terms:

“Reassured” shall be understood to mean “Company,” “Reinsured,” “Reassured” or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

“Agreement” shall be understood to mean “Agreement,” “Contract,” “Policy” or whatever other term is used to designate the attached reinsurance document.

“Reinsurers” shall be understood to mean “Reinsurers,” “Underwriters” or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

GREENLIGHT REINSURANCE LTD.
(the "Subscribing Reinsurer")

as respects the

**PRIVATE PASSENGER AUTOMOBILE QUOTA SHARE
REINSURANCE CONTRACT**

Effective: July 1, 2017
(the "Contract")

issued to and executed by

WINDHAVEN INSURANCE COMPANY
Miami, Florida

WINDHAVEN NATIONAL INSURANCE COMPANY
Dallas, Texas
(the "Company")

The Subscribing Reinsurer's share in the interests and liabilities of the Reinsurer as set forth in the Contract shall be 43.125%.

The share of the Subscribing Reinsurer in the interests and liabilities of the Reinsurer in respect of the Contract shall be separate and apart from the shares of other subscribing reinsurers, if any, on the Contract. The interests and liabilities of the Subscribing Reinsurer shall not be joint with those of such other subscribing reinsurers and in no event shall the Subscribing Reinsurer participate in the interests and liabilities of such other subscribing reinsurers.

This Agreement shall become effective at 12:01 a.m., Eastern Standard Time, July 1, 2017 and shall be subject to the provisions of the Term Article and the Special Termination Article and all other terms and conditions of the Contract.

Premium and loss payments made to Guy Carpenter shall be deposited in a Premium and Loss Account in accordance with Section 32.3(a)(1) of Regulation 98 of the Department of Financial Services of the State of New York. The Subscribing Reinsurer consents to withdrawals from said account in accordance with Section 32.3(a)(3) of the Regulation, including interest and Federal Excise Tax.


Brokerage hereunder is 1.0% of gross ceded premium.

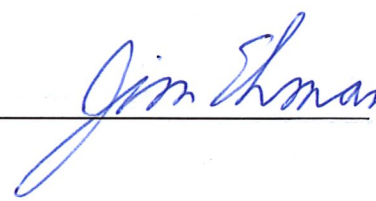


IN WITNESS WHEREOF, the Subscribing Reinsurer has caused this Agreement to be executed by its duly authorized representative as follows:

on this 30th day of June, in the year 2017.

GREENLIGHT REINSURANCE LTD.


TIM COURTIS
Chief Financial Officer



Market Reference Number: GLRE 1751A

WINDHAVEN INSURANCE COMPANY

**PRIVATE PASSENGER AUTOMOBILE QUOTA SHARE
REINSURANCE CONTRACT**

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

GREENLIGHT REINSURANCE IRELAND DAC
(the "Subscribing Reinsurer")

as respects the

**PRIVATE PASSENGER AUTOMOBILE QUOTA SHARE
REINSURANCE CONTRACT**

Effective: July 1, 2017
(the "Contract")

issued to and executed by

WINDHAVEN INSURANCE COMPANY
Miami, Florida
WINDHAVEN NATIONAL INSURANCE COMPANY
Dallas, Texas
(the "Company")

The Subscribing Reinsurer's share in the interests and liabilities of the Reinsurer as set forth in the Contract shall be 16.875%.

The share of the Subscribing Reinsurer in the interests and liabilities of the Reinsurer in respect of the Contract shall be separate and apart from the shares of other subscribing reinsurers, if any, on the Contract. The interests and liabilities of the Subscribing Reinsurer shall not be joint with those of such other subscribing reinsurers and in no event shall the Subscribing Reinsurer participate in the interests and liabilities of such other subscribing reinsurers.

This Agreement shall become effective at 12:01 a.m., Eastern Standard Time, July 1, 2017 and shall be subject to the provisions of the Term Article and the Special Termination Article and all other terms and conditions of the Contract.

Premium and loss payments made to Guy Carpenter shall be deposited in a Premium and Loss Account in accordance with Section 32.3(a)(1) of Regulation 98 of the Department of Financial Services of the State of New York. The Subscribing Reinsurer consents to withdrawals from said account in accordance with Section 32.3(a)(3) of the Regulation, including interest and Federal Excise Tax.

Brokerage hereunder is 0.2% of gross ceded premium.

 GUY CARPENTER

IN WITNESS WHEREOF, the Subscribing Reinsurer has caused this Agreement to be executed by its duly authorized representative as follows:

on this 23 day of August, in the year 2017.

GREENLIGHT REINSURANCE IRELAND DAC

Conor Gaffney



Market Reference Number:

WINDHAVEN INSURANCE COMPANY

**PRIVATE PASSENGER AUTOMOBILE QUOTA SHARE
REINSURANCE CONTRACT**