

Execution Version

STOCK PURCHASE AGREEMENT
between
ARI MUTUAL INSURANCE COMPANY
and
AMTRUST FINANCIAL SERVICES, INC.

Dated as of March 17, 2015

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STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT, dated as of March 17, 2015 (this “Agreement”), is made by and between AmTrust Financial Services, Inc., a Delaware corporation (“Buyer”), and ARI Mutual Insurance Company, a Pennsylvania mutual insurance company (“Company”). Capitalized terms used herein shall have the meanings assigned to such terms in the text of this Agreement or in Section 8.1.

RECITALS:

WHEREAS, Company proposes to convert to a Pennsylvania stock insurance company pursuant to the Plan of Conversion in accordance with the Pennsylvania Insurance Company Mutual-to-Stock Conversion Act, 40 P.S. Sections 911-A, et seq. (the “Act”) and, simultaneously with such conversion, to issue and sell all of its authorized shares to ARI HoldCo, a Delaware corporation to be formed prior to the Effective Date (“HoldCo”), thereby becoming a wholly owned subsidiary of HoldCo (collectively, the “Conversion”); and

WHEREAS, in accordance with the Plan of Conversion, upon the Effective Date, Buyer will purchase and HoldCo will sell to Buyer 1,000 shares of the common stock, par value \$0.01, of HoldCo (the “Shares”), constituting all of the authorized capital stock of HoldCo, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1

Sale and Purchase of Shares

Section 1.1 Purchase and Sale. In consideration for the sale and issuance of the Shares, and upon the terms and subject to the conditions of this Agreement, Buyer shall pay to HoldCo an amount (the “Purchase Price”) equal to (a) the Aggregate Subscription Amount, plus (b) the Cash Contribution Fund, if any, in cash, payable in accordance with Section 1.2, and HoldCo shall sell, issue and deliver to Buyer, all of the Shares, all of which shall be fully-paid and non-assessable.

Section 1.2 Closing. The closing of the sale and purchase of the Shares (the “Closing”) shall take place at the offices of Locke Lord LLP, 750 Lexington Avenue, New York, New York 10022 at 10:00 a.m. on the Effective Date; provided all other conditions set forth in Article 5 have been satisfied or waived (other than those conditions that by their terms are to be satisfied at the Closing but subject to the satisfaction or waiver of those conditions at such time) and all items set forth on the Subscription Calculation Schedule are final, unless another time, date or place is agreed to in writing by the parties. The date on which the Closing actually occurs is referred to hereinafter as the “Closing Date.” At the Closing:

(a) Company and HoldCo shall deliver to Buyer:

(i) one or more certificates representing all of the Shares issued in the name of Buyer (or one of its wholly-owned Subsidiaries as it shall designate);

(ii) a reasonably current good standing certificate (or equivalent document) for each of the Acquired Companies issued by the secretaries of state of New Jersey and Pennsylvania, as applicable;

(iii) a copy of the Certificate of Incorporation of HoldCo certified by the Secretary of State of Delaware;

(iv) a reasonably current tax good standing certificate (or equivalent document) for Company issued by the applicable Taxing Authority of Maryland, New Jersey and Pennsylvania and as to ARI Casualty issued by the applicable Taxing Authority of New Jersey no later than twenty-five (25) Business Days prior to the Closing Date, unless any such Taxing Authority shall not be in the practice of issuing such certificates or documents;

(v) a copy of the Organizational Documents of each of the Acquired Companies, certified by an officer of the applicable Acquired Company;

(vi) the original corporate record books and stock record books of each of the Acquired Companies;

(vii) the stock certificates for all of the issued and outstanding shares of the capital stock of each of the Acquired Companies (other than HoldCo);

(viii) written resignations, effective as of the Closing Date, of each director and officer, and solely in their capacity as an officer and not in their capacity as an employee, of each of the Acquired Companies designated by Buyer in writing at least ten (10) Business Days prior to the Closing Date; and

(ix) a certificate of Company attesting to the matters set forth in Section 5.2(a).

(b) Buyer shall pay to HoldCo, by wire transfer of immediately available funds to an account of HoldCo designated by Company at least two (2) Business Days prior to the Closing Date, an amount equal to the Purchase Price.

Section 1.3 Subscription Calculation Schedule.

(a) Not later than five (5) Business Days prior to the Closing Date, Company shall deliver to Buyer a schedule setting forth the Aggregate Subscription Amount, the Cash Contribution Fund, the Employee Bonus Pool Fund, the Aggregate Discount Value, the Subscription Price, the Valuation Range and the Maximum Shares Issuable, including reasonable detail as to the calculation of each item (the "Subscription Calculation Schedule"). Company and its representatives will consult with Buyer and its representatives during the preparation of the Subscription Calculation Schedule and allow Buyer and its representatives to review drafts of the Subscription Schedule and workpapers relating thereto.

(b) Unless Buyer shall object in writing to any item on the Subscription Calculation Schedule on or before the close of business on the Business Day preceding the Closing Date, the items set forth in the Subscription Calculation Schedule shall be deemed final.

(c) In the event of a written objection by Buyer to any item set forth on the Subscription Calculation Schedule, on or prior to the Closing Date the parties shall agree to a resolution of such objection of the disputed item and the final amount thereof.

Section 1.4 Tax Treatment of Transaction. For income Tax purposes, the parties agree that the Conversion and the purchase of Shares pursuant to this Agreement shall be treated as if the following occurred in the following order: (a) Buyer acquired all of the membership interests in Company (collectively, the “Membership Interests”) from the Eligible Members in exchange for Subscription Rights; (b) Buyer contributed the Membership Interests plus the Purchase Price to HoldCo in exchange for all of the capital stock of HoldCo; and (c) HoldCo then contributed the Membership Interests plus a portion of the Purchase Price to Company, as converted, in exchange for all of the capital stock of Company, as converted.

ARTICLE 2

Representations and Warranties of Company

Except as set forth in the Company Disclosure Letter, Company represents and warrants to Buyer as follows:

Section 2.1 Corporate Status. Company is a mutual insurance company duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. ARI Casualty is an insurance company duly organized, validly existing and in good standing under the laws of the State of New Jersey. Upon its formation HoldCo will be a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and each other Acquired Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Each Acquired Company (other than HoldCo) has (and, upon and following its formation, HoldCo will have) all requisite corporate power and authority to carry on its business as now conducted. Each Acquired Company (other than HoldCo) is (and, upon and following its formation, HoldCo will be) duly qualified to do business as a foreign corporation and is in good standing (where such concept is recognized) in all jurisdictions in which it is required to be so qualified or in good standing, except where the failure to be so qualified or in good standing would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 2.2 Corporate and Governmental Authorization.

(a) Company has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Company, the performance of Company's obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action of Company (other than the Member Approval). Company has duly executed and delivered this Agreement. Assuming the due authorization, execution and delivery by Buyer, this Agreement constitutes the legal, valid and binding obligation of Company enforceable against Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium, receivership or similar Laws relating to or affecting creditors' rights generally and by general principles of equity (whether considered at law or in equity).

(b) Other than (i) the Pennsylvania Approval and the New Jersey Approval, and (ii) such other consents, approvals, authorizations, declarations, filings or notices as are set forth in Section 2.2(b)(ii) of the Company Disclosure Letter, the execution and delivery of this Agreement by Company and the performance of its obligations hereunder require no consent, approval, authorization of, or registration with or other action by, or any filing with, any Governmental Authority to be obtained or made by the Company.

Section 2.3 Non-Contravention. The execution and delivery of this Agreement by Company and the performance of its obligations hereunder do not (a) conflict with or breach any provision of the Organizational Documents of Company, or any of the other Acquired Companies, (b) assuming receipt of the Pennsylvania Approval and the New Jersey Approval, conflict with or breach any provision of any applicable Laws, (c) assuming receipt of the Pennsylvania Approval and the New Jersey Approval, except as set forth in Section 2.3(c) of the Company Disclosure Letter, require any consent of or other action by any Person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit under, any provision of a Material

Contract, any material Permit affecting any of the Acquired Companies or any Insurance License of the Company and ARI Casualty, or (d) result in the creation or imposition of any Lien other than Permitted Liens on any Assets, except, in the case of clauses (c) and (d), as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 2.4 Capitalization; Title to Shares.

(a) As of the Effective Date after giving effect to the Conversion, the authorized capital stock of HoldCo will consist of 1,000 shares of common stock, par value \$0.01 per share, and the authorized capital stock of Company will consist of 1,000 shares of common stock, par value \$0.01 per share, all of which will be issued and outstanding and all of which will be owned by HoldCo, beneficially and of record, free and clear of any Lien. The authorized, issued and outstanding capital stock or other equity interests of each other Acquired Company and the record owner thereof, in each case free and clear of any Lien, are set forth in Section 2.4(a) of the Company Disclosure Letter. Upon their issuance to Buyer in accordance herewith, the Shares will be duly authorized, validly issued and fully paid and nonassessable.

(b) As of the date hereof with respect to ARI Casualty and as of the Effective Date after giving effect to the Conversion with respect to all of the Acquired Companies, except for Acquired Company Securities owned by Buyer, HoldCo, or Company, there will be no outstanding (i) shares of capital stock of or other voting or equity interests in any Acquired Company, (ii) securities, bonds, debentures or Indebtedness of any Acquired Company convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in any Acquired Company, (iii) options, warrants or other rights or agreements, commitments or understandings of any kind to acquire from any Acquired Company, or other obligation of any of the Acquired Companies to issue, transfer or sell, any shares of capital stock of or other voting or equity interests in any Acquired Company or securities, bonds, debentures or Indebtedness convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in any Acquired Company, (iv) voting trusts, proxies or other similar agreements or understandings to which any Acquired Company is a party or by which any Acquired Company is bound with respect to the voting of any shares of capital stock of or other voting or equity interests in any Acquired Company or (v) contractual obligations or

commitments of any character restricting the transfer of, or requiring the registration for sale of, any shares of capital stock of or other voting or equity interests in any Acquired Company (the items in clauses (i), (ii) and (iii) being referred to collectively as the “Acquired Company Securities”). As of the Effective Date after giving effect to the Conversion, there will no outstanding obligations of any Acquired Company to repurchase, redeem or otherwise acquire any Acquired Company Securities.

Section 2.5 Investments. Except as set forth in Section 2.5 of the Company Disclosure Letter, none of the Acquired Companies has any Subsidiaries or owns any shares of capital stock of or other voting or equity interests in (including any securities exercisable or exchangeable for or convertible into shares of capital stock of or other voting or equity interests in) any other Person (other than such capital stock or voting or equity interests held in Company’s investment portfolio). Company has provided Buyer with a complete list of all bonds, stocks, mortgage loans and other investments that were carried on the books and records of the Acquired Companies as of December 31, 2014.

Section 2.6 Financial Statements; Accounting Controls.

(a) Company has delivered or made available to Buyer copies of the unaudited consolidated balance sheet and unaudited consolidated statement of operations, cash flows and changes in policyholders’ surplus of Company and its Subsidiaries, at and for the periods ended December 31, 2013 and 2014 (the “GAAP Financial Statements”). Except as set forth in Section 2.6(a) of the Company Disclosure Letter, the GAAP Financial Statements have been, and the 2014 Audited GAAP Financial statement will be, prepared in accordance with United States generally accepted accounting principles applied on a consistent basis (“GAAP”) and present fairly in all material respects the combined financial position, results of operations and cash flows of the Acquired Companies at and for the respective periods indicated. Company has delivered or made available to Buyer complete copies of the audited Statutory Statements of Company and the unaudited Statutory Statements of ARI Casualty at and for the periods ended December 31, 2013 and 2014 (the “SAP Financial Statements”). The SAP Financial Statements have been, and the Subsequent Period Statutory Statements will be, prepared in accordance with SAP applied on a consistent basis (except as may be indicated in the notes thereto) and present

fairly in all material respects in accordance with SAP, except as set forth in the notes, exhibits or schedules thereto, the statutory financial position, as of the respective dates thereof, and results of operations of Company at and for the respective periods indicated (subject, in the case of ARI Casualty's Statutory Statements, the Interim SAP Financial Statement and any Subsequent Period Statutory Statements for the first, second or third quarters of any year, to normal year-end adjustments and to any other adjustments consistent with SAP described therein).

(b) Since December 31, 2010, each of Company and ARI Casualty has filed all Statutory Statements required to be filed with the applicable Governmental Authority for the jurisdiction in which it is, or was for the period of time covered by the filing, domiciled on forms prescribed or permitted by such Governmental Authority.

(c) No material deficiency has been asserted in writing with respect to any of the Statutory Statements of Company or ARI Casualty by any Insurance Department which remains uncured as of the date hereof.

(d) Without limiting the generality of Section 2.6(a), except as set forth in Section 2.6(d) of the Company Disclosure Letter, the aggregate consolidated reserves of Company recorded in the SAP Financial Statements, and which will be recorded in the Subsequent Period Statutory Statements, (i) were (or will be) determined in all material respects in accordance with generally accepted actuarial standards consistently applied throughout the specified periods and the immediately prior periods, (ii) are fairly stated in all material respects in accordance with generally accepted actuarial standards consistently applied and SAP and (iii) have been computed in all material respects on the basis of Reserving Practices and Policies consistent with those used in computing the corresponding consolidated reserves since January 1, 2012, except as otherwise noted in the Statutory Statements of Company or the notes thereto. Company has made available to Buyer copies of all workpapers reasonably requested by Buyer that were or are used as the basis for establishing consolidated reserves for Company. Company or ARI Casualty, as applicable, owns assets that qualify as admitted assets under applicable Laws in an amount at least equal to any such required consolidated reserves plus its minimum statutory capital and surplus as required under applicable Laws. No reserves of the Company or ARI Casualty have been discounted on either a tabular or non-tabular basis. For the avoidance of

doubt, no representation or warranty contained in this Section 2.6(d) or otherwise in this Agreement shall be deemed to constitute a representation or warranty as to the adequacy or sufficiency of the reserves of any of the Acquired Companies including, without limitation, that such reserves are adequate or sufficient to cover future adverse loss or loss adjustment expense development of any of the Acquired Companies.

(e) Company has made available to Buyer copies of all material actuarial reports prepared by actuaries, independent or otherwise, with respect to the Business since December 31, 2011 and all attachments, opinions, certifications, addenda, supplements and modifications thereto (the “Actuarial Analyses”). The information and data furnished by Company and its Affiliates in connection with the preparation of the Actuarial Analyses was, taken as a whole, complete and accurate in all material respects as of the respective dates such Actuarial Analyses were prepared.

(f) Company has made available to Buyer true and complete copies of all analyses and reports submitted by Company or ARI Casualty to any applicable Insurance Department since January 1, 2011 relating to risk-based capital calculations. Such analyses and reports have been prepared in accordance with regulations and bulletins applicable to Company or ARI Casualty under applicable Insurance Laws and fairly present in all material respects the Company’s or ARI Casualty’s, as applicable, risk-based capital as of the respective dates in which such analyses and reports were prepared.

(g) Company has made available for inspection by Buyer (i) any reports of examination (including, without limitation, financial, market conduct and similar examinations) of Company or ARI Casualty since December 31, 2011 and (ii) all other holding company filings or submissions required to be made by or with respect to Company or ARI Casualty with any applicable Insurance Department since December 31, 2011. Except as set forth in Section 2.6(g) of the Company Disclosure Letter, all material deficiencies or violations noted in the examination reports described in clause (i) above have been resolved to the material satisfaction of the applicable Insurance Department that noted such deficiencies or violations. Except as set forth in Section 2.6(g) of the Company Disclosure Letter, each of the other Acquired Companies has filed all reports, statements, documents, registrations, filings or submissions required to be

filed with any Governmental Authority since December 31, 2011. All such registrations, reports, statements, documents, filings and submissions referred to in the immediately preceding sentence were in material compliance with applicable Laws when filed, and no material deficiencies have been asserted in writing by any such Governmental Authority with respect to such registrations, filings or submissions that have not been satisfied to the material satisfaction of the Governmental Authority that noted such deficiencies. Except as set forth in Section 2.6(g) of the Company Disclosure Letter, Company is not “commercially domiciled” under the applicable Laws of any jurisdiction or is otherwise treated as domiciled in a jurisdiction other than its respective jurisdiction of organization.

(h) Since December 31, 2013, Company and ARI Casualty have been in material compliance with, and has adhered in all material respects, to its written underwriting guidelines.

(i) Except as set forth in Section 2.6(i) of the Company Disclosure Schedule, each of the Acquired Companies maintains accurate books and records reflecting its assets and liabilities and maintains proper and adequate internal disclosure controls over financial reporting to assist in reasonably assuring that (i) transactions are executed with management’s authorization; (ii) transactions are recorded as necessary to permit preparation of the financial statements of the Acquired Companies in conformity with GAAP and, if applicable, SAP and to maintain accountability for its assets; (iii) access to assets is permitted only in accordance with management’s authorization; and (iv) accounts, notes and other receivables and inventory are recorded accurately, and proper and adequate procedures are implemented to effect the collection thereof on a current and timely basis. Neither the auditors nor the board of directors of any of the Acquired Companies have been advised of any fraud, whether or not material, that involves management or other employees who have a role in the internal controls over financial reporting of any of the Acquired Companies.

(j) Other than investment gains or losses incurred in connection with Company’s or ARI Casualty’s investment portfolios, no capital gains or losses, whether realized or unrealized, have been recorded on the books of any of the Acquired Companies since the Balance Sheet Date except as set forth in Section 2.6(j) of the Company Disclosure Letter.

Section 2.7 No Undisclosed Liabilities. Except (a) for liabilities and obligations disclosed or reserved against in either the GAAP Financial Statements or the SAP Financial Statements as at and for the year ended as of the Balance Sheet Date, (b) for liabilities and obligations incurred in the ordinary course of business since the Balance Sheet Date, (c) liabilities and obligations under the covenants contained in this Agreement, and (d) as set forth in Section 2.7 of the Company Disclosure Letter, the Acquired Companies (other than the Company) have not incurred any liabilities or obligations.

Section 2.8 Absence of Certain Changes. Since the Balance Sheet Date, except as otherwise contemplated by this Agreement, (a) the Business of the Acquired Companies has been conducted in all material respects in the ordinary course of business, (b) there has been no Material Adverse Effect and (c) no Acquired Company has taken any action that would, after the date hereof, be prohibited or has omitted to take any action that would, after the date hereof, be required, as the case may be, by clauses (a) through (x) of Section 4.1 and as set forth in Section 2.8 of the Company Disclosure Letter.

Section 2.9 Material Contracts.

(a) Except as disclosed in Section 2.9 of the Company Disclosure Letter, none of the Acquired Companies is a party to or bound by:

(i) any mortgage, indenture, loan or credit agreement, security agreement, or other agreement relating to Indebtedness (whether incurred, assumed, guaranteed or secured by any asset), the borrowing of money or extensions of credit or Liens upon any of the assets or properties of any Acquired Company;

(ii) any joint venture, partnership, limited liability company or other similar agreements or arrangements (including any agreement providing for joint research, development or marketing);

(iii) contract for the employment of any officer, individual employee or other Person on a full time, part time, consulting or other basis, including contracts with respect to severance payments, or relating to loans to employees, officers, directors or Affiliates;

(iv) any agreement or series of related agreements, including any option agreement, relating to the acquisition or disposition of any business, capital stock or assets of any other Person or any material real property (whether by merger, sale of stock, sale of assets or otherwise);

(v) any agreement that (A) materially limits the freedom of any of the Acquired Companies to compete in any line of business or with any Person or in any area or that would so limit the freedom of Buyer or its Affiliates or the Acquired Companies after the Closing or (B) contains material exclusivity obligations or restrictions binding on the Acquired Companies or that would be binding on Buyer or any of its Affiliates after the Closing;

(vi) any agreement or series of related agreements for the purchase of materials, supplies, goods, services, equipment or other assets that provides for aggregate payments by the Acquired Companies over the remaining term of such agreement or related agreements of \$50,000 or more or under which the Acquired Companies made payments of \$50,000 or more during the year ending on the Balance Sheet Date;

(vii) any lease, sublease, license or rental or use contract of personal property (other than Intellectual Property) providing for annual rental payments in any case in excess of \$50,000 (whether any Acquired Company is lessor, lessee, licensor or licensee);

(viii) any sales, distribution, brokerage, agency, producer or other similar agreement providing for the sale by the Acquired Companies of services that provides for aggregate payments to the Acquired Companies over the remaining term of the agreement of \$250,000 or more or under which payments of \$250,000 or more were made to the Acquired Companies during the year ending on the Balance Sheet Date;

(ix) any agreement relating to any interest rate, derivatives or hedging transaction;

(x) any agreement (including any “take-or-pay” or keepwell agreement) under which (A) any Person has directly or indirectly guaranteed any liabilities or obligations of the Acquired Companies or (B) any of the Acquired Companies has directly or indirectly guaranteed any liabilities or obligations of any other Person (in each case other than endorsements for the purpose of collection in the ordinary course of business); or

(xi) any other agreement which is material to the operations and business prospects of the Acquired Companies or involves a consideration in excess of \$100,000 annually other than agreements that are the subject of clause (viii) above.

(b) Each agreement, commitment, arrangement or plan disclosed in the Company Disclosure Letter pursuant to this Section 2.9 or Section 2.10(d), 2.11(a), 2.17(a), 2.21(a) or 2.22 (each, a “Material Contract”) is a valid and binding agreement of the Acquired Companies (subject to the effects of applicable bankruptcy, clarification, insolvency, fraudulent conveyance, moratorium, sponsorship or other Laws relating to or affecting creditors’ rights generally and to general principles of equity, whether considered at law or in equity) and is in full force and effect, and none of the Acquired Companies or, to the Knowledge of Company, any other party thereto is in default or breach in any material respect under (or is alleged to be in default or breach in any material respect under) the terms of, or has provided or received any notice of any intention to terminate, any such Material Contract, and, to the Knowledge of Company, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default thereunder or result in a termination thereof or would cause or permit the acceleration of or other changes of or to any right or obligation or the loss of any benefit thereunder. Company has provided Buyer with a true and correct copy of each Material Contract and an accurate description of each of the oral Material Contracts, together with all amendments, waivers or other changes thereto.

Section 2.10 Properties.

(a) Title to Assets. The Acquired Companies have good and valid title to, or otherwise have the right to use pursuant to a valid and enforceable lease, license or similar contractual arrangement, all of their material assets (real and personal, tangible and intangible) (collectively, the “Assets”), in each case free and clear of any Lien other than Permitted Liens.

(b) Sufficiency of Assets. Except as set forth on Section 2.10(b) of the Company Disclosure Letter, and subject to the last sentence of Section 2.6(d), the Assets of the Acquired Companies, the Assets and the personal property leased by the Acquired Companies pursuant to the leases of personal property disclosed in Section 2.9 of the Company Disclosure Letter, constitute the properties, rights and assets necessary and sufficient for the conduct of the Business by the Acquired Companies immediately following the Closing in the same manner as currently being conducted.

(c) Owned Real Property. Except as set forth in Section 2.10(c) of the Company Disclosure Letter, (i) since January 1, 1995, ARI Casualty has never owned any real property, and (ii) except for its headquarters location in Newtown, Pennsylvania, since January 1, 1995, Company has never owned any real property.

(d) Leased Real Property. Except for the leases by Company, as lessor, of space in its headquarters building described in Section 2.10(d) of the Company Disclosure Letter no Acquired Company is a party, as a lessee or sublessee, to any leases of real property.

(e) Section 2.10(e) of the Company Disclosure Letter contains a list of all of the tangible personal property currently used by any Acquired Company or otherwise currently used in the Business, excluding those Assets having a book value per item as of the date of this Agreement of less than \$10,000.

Section 2.11 Intellectual Property.

(a) Except as set forth in Section 2.11(a) of the Company Disclosure Letter, the Acquired Companies own or possess, or have valid, enforceable rights or licenses to use, the patents, patent applications, trademarks, trademark applications, service marks, trade names, copyrights, Internet domain names (including any registrations, licenses or rights relating to any of the foregoing), computer software, trade secrets, inventions and know-how that are necessary to carry on the Business as presently conducted (each, an “Intellectual Property Right”) free and clear of all Liens (other than Permitted Liens and restrictions provided in an agreement, license or other arrangement listed in Section 2.11(a) of the Company Disclosure Letter), except where the failure to so own or possess, or have license to use, any Intellectual Property Right, has not

had or could not reasonably be expected to have a Material Adverse Effect. Except as set forth in Section 2.11(a) of the Company Disclosure Letter, since January 1, 2011, Company has not received any written notice of any infringement of the rights of any third party with respect to any Intellectual Property Right that, if such infringement is determined to be unlawful, could reasonably be expected to have a Material Adverse Effect. To the Knowledge of Company, there is no infringement by any Person of any Intellectual Property Right of any Acquired Company.

(b) All Intellectual Property Rights that have been licensed by or on behalf of any Acquired Company or relating to the Business are being used substantially in accordance with the applicable license pursuant to which an Acquired Company has the right to use such Intellectual Property Rights.

(c) Section 2.11(c)(i) of the Company Disclosure Letter contains a complete and accurate list of (A) registered and applied for patents, trademarks, service marks, copyrights, or domain names owned or licensed by any Acquired Company or used in connection with the Business, in each case specifying the jurisdiction in which the applicable registration has been obtained or pending application has been filed, and, where applicable, the registration or application number therefor, and, if not registered or applied for on behalf of any Acquired Company, the registrant or applicant therefor, and (B) material common law trademarks and service marks owned by any Acquired Company and other Intellectual Property Rights owned or licensed by any Acquired Company or used in the Business not owned or licensed by an Acquired Company and the owner or licensee thereof. Except as set forth in Section 2.11(c)(ii) of the Company Disclosure Letter, as of the date hereof, there are no claims pending or, to the Knowledge of Company, threatened, challenging the ownership, validity or enforceability of any Intellectual Property Right owned by or licensed to any Acquired Company or used in the Business.

(d) To the Knowledge of Company, except as set forth in Section 2.11(d) of the Company Disclosure Letter, since January 1, 2011, no Acquired Company has suffered a material security breach with respect to its data or systems requiring notification to employees in

connection with such employees' confidential information or to customers in connection with customers' confidential information.

(e) Section 2.11(e) of the Company Disclosure Letter (i) sets forth a list of amounts payable by the Business with respect to Intellectual Property Rights to Persons in excess of \$100,000 annually or on or before December 31, 2015, and (ii) indicates whether such amounts are fixed or variable with respect to any applicable period.

(f) Except as set forth in Section 2.11(f) of the Company Disclosure Letter, all former and current employees of each Acquired Company have executed written contracts with one or more of the Acquired Companies that assign to one or more of the Acquired Companies all rights to any Intellectual Property relating to the Business.

Section 2.12 Litigation. Except as set forth in Section 2.12 of the Company Disclosure Letter, as of the date hereof, (a) there is no Litigation pending or, to the Knowledge of Company, threatened in writing against or affecting any of the Acquired Companies before any court or arbitrator or any Governmental Authority, except for Litigation with respect to claims as to which there is a reasonable expectation such claims will be settled within policy limits in the ordinary course of business of Company; (b) there are no settlement agreements or similar written agreements with any Governmental Authority and no outstanding orders, judgments, stipulations, decrees, injunctions, determinations or awards issued by any Governmental Authority against or affecting any of the Acquired Companies; (c) there is no Litigation pending against, or, to the Knowledge of Company, threatened against or affecting, Company before any court or arbitrator or any Governmental Authority which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement; and (d) to the Knowledge of Company, there is no reasonable basis for any of the foregoing.

Section 2.13 Compliance with Laws; Licenses and Permits.

(a) The Acquired Companies are in material compliance with applicable Laws, and, to the Knowledge of Company, are not under investigation with respect to any material violation of any applicable Laws.

(b) The Acquired Companies have all licenses, franchises, permits, certificates, approvals, registrations or other similar authorizations issued by applicable Governmental Authorities and affecting, or relating to, the Assets or the operation of the Business (excluding the Insurance Licenses, the “Permits”), except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. The Permits are valid and in full force and effect, none of the Acquired Companies is in material default under the Permits and, assuming receipt of the approvals and consents set forth in Section 2.2, none of the Permits will be terminated as a result of the transactions contemplated hereby.

(c) Except as set forth on Section 2.13(c) of the Company Disclosure Letter and excluding Litigation relating to claims (other than claims as to which there is not a reasonable expectation that such claims will be settled within policy limits) under policies issued by Company in the ordinary course of business, since January 1, 2011, none of the Acquired Companies has received any written notice from any Governmental Authority, citizens group or other third party asserting a reasonable basis for any violation or alleged violation by any of the Acquired Companies of any applicable Laws. Except as set forth on Section 2.13(c) of the Company Disclosure Letter, to the Knowledge of Company, there is no material investigation, audit, examination or inquiry relating to any of the Acquired Companies or the Business threatened by any Governmental Authority.

(d) None of the Acquired Companies in violation of applicable Laws (i) has, to the Knowledge of Company, engaged in, or colluded with or assisted any other Persons with, the unlawful paying of contingent commissions or similar incentive payments to steer business to them or colluded with producers or other agents, brokers or intermediaries to “rig bids” or submit false quotes to customers in connection with the Business, (ii) except as set forth on Section 2.13(d) of the Company Disclosure Letter, to the Knowledge of Company, since January 1, 2011, is a party to any agreement that provides for any payment by or to any of the Acquired Companies of any unlawful variable or contingent commissions or payments based upon the profitability, claims handling, sales volume or loss ratio of the Business that is the subject of such agreement, or (iii) has engaged in any corrupt business practices or price fixing, or any other anticompetitive activity of any type.

(e) Since January 1, 2011, none of the Acquired Companies nor any of their respective directors or executive officers, nor, to the Knowledge of Company, any employees or agents of any of the Acquired Companies, has (i) directly or indirectly given or agreed to give any illegal gift, contribution, payment or similar benefit to any supplier, customer, governmental official or employee or other Person who was, is or was reasonably believed to be in a position to help or hinder any of the Acquired Companies (or assist in connection with any actual or proposed transaction) or made or agreed to make any illegal contribution, or reimbursed any illegal political gift or contribution made by any other Person, to any candidate for federal, state, local or foreign public office (x) which could reasonably be expected to subject any of the Acquired Companies or the Business to any damage or penalty in any civil, criminal or governmental litigation or proceeding or (y) the non-continuation of which has had or could reasonably be expected to have a Material Adverse Effect or (ii) intentionally established or maintained any unrecorded fund or asset or made any fraudulent entries on any books or records for any purpose.

(f) None of the Acquired Companies is in default under or violation of any written agreement, consent agreement, memorandum of understanding, commitment letter, order, stipulation, decree, award or judgment (“Insurance Regulatory Agreements and Judgments”) entered into with or issued by any applicable Insurance Department in any material respect; nor have any of the Acquired Companies received any written notice of any such default or violation which remains uncorrected. To Knowledge of Company, none of the Acquired Companies is currently the subject of any supervision, conservation, rehabilitation, liquidation, receivership, insolvency or other similar action, nor is any of the Acquired Companies operating under any written agreement or understanding with the licensing authority of any state which restricts its authority to do business or requires it to take, or refrain from taking, any action, nor to the Knowledge of Company is any such action or agreement threatened. None of the Acquired Companies is a party to or subject to any undertaking, stipulation, consent decree, net worth maintenance commitment or other order entered into with or issued by any applicable Insurance Department restricting the conduct of its business in any jurisdiction, or the payment by it of dividends, other than restrictions on the payment of dividends under applicable Laws as generally applied. A list of all Insurance Regulatory Agreements and Judgments that remain in

effect or have not been fully satisfied is set forth in Section 2.13(f) of the Company Disclosure Letter. Except for regular periodic assessments in the ordinary course of business or assessments based on developments which are publicly known within the insurance industry, no claim or assessment is pending or, to the Knowledge of Company, threatened against Company or ARI Casualty by any state insurance guaranty association in connection with such association's fund relating to insolvent insurers.

(g) Section 2.13(g) of the Company Disclosure Letter lists all funds maintained under applicable Insurance Laws by Company or ARI Casualty in each jurisdiction in which Company or ARI Casualty holds a Certificate of Authority (each a "Deposit"). Section 2.13(g) of the Company Disclosure Letter accurately sets forth the value, as determined in accordance with SAP, of each such Deposit as of the Balance Sheet Date, the jurisdiction pursuant to which such Deposit is maintained and the name of the bank and the number of the bank account in which such Deposit is maintained.

Section 2.14 Insurance Matters.

(a) Each of Company and ARI Casualty possesses a certificate of authority, license, registrations and permit or other authorization to transact insurance (an "Insurance License") in each state in which it is required to possess an Insurance License for the conduct of the Business. All such Insurance Licenses are in full force and effect, and, except as set forth in Section 2.14(a) of the Company Disclosure Letter, neither Company nor ARI Casualty has received written notice of any investigation or proceeding that would reasonably be expected to result in the suspension or revocation of any such Insurance License. Section 2.14(a) of the Company Disclosure Letter sets forth all Insurance Licenses necessary for Company and ARI Casualty to write insurance policies in connection with the Business and all other material licenses, registrations or permits issued by an Insurance Department held by Company and ARI Casualty and its employees, in their capacity as agents, and reflects all exemptions from Insurance License requirements and in the case of Company and ARI Casualty the lines of business authorized.

(b) Since January 1, 2011, any rates of Company or ARI Casualty that are required to be filed with or approved by any Governmental Authority have been so filed or approved and the rates used by Company or ARI Casualty conform thereto in all material respects. Company or ARI Casualty currently, and since January 1, 2012, has written only insurance policies comprising the lines of business set forth in Section 2.14(b) of the Company Disclosure Letter (the “Lines of Business”).

(c) Except as set forth in Section 2.14(c) of the Company Disclosure Letter, all of the forms of insurance policies issued by Company or ARI Casualty and riders thereto and all amendments and applications related thereto are, and since January 1, 2012 have been, to the extent required under applicable Laws, issued on forms approved by the applicable Insurance Department or which have been filed and not objected to by such Insurance Department within the period provided for objection. No material deficiencies have been asserted in writing by any Governmental Authority with respect to any such filings which have not been cured or otherwise resolved.

Section 2.15 Environmental Matters.

(a) The Acquired Companies are, and for the past twelve months have been, in material compliance with all applicable Environmental Laws and are in possession of, and in compliance with, all Permits required under applicable Environmental Laws with respect to the Acquired Companies’ ownership and operation of their owned real property and the Business and any real property owned during such period.

(b) None of the Acquired Companies has received from any Governmental Authority any written notice of violation or alleged violation, in any material respect, of any Environmental Laws on the part of the Acquired Companies’ operation of any real property owned by any Acquired Company since September 1, 1997, or, to the Knowledge of the Company, owned prior to that date, other than any such violation or alleged violation that has been resolved or for which there are no additional obligations.

(c) As of the date hereof, no Litigation is pending or, to the Knowledge of Company, threatened against any of the Acquired Companies arising from the Acquired Companies alleged violation of, or liability under, any applicable Environmental Laws.

(d) None of the Acquired Companies has released Hazardous Substances into the soil or groundwater at, under or from any real property owned or formerly owned by any Acquired Company, which, as of the date hereof, requires investigation or remediation by the Acquired Companies under applicable Environmental Laws.

Section 2.16 Employees, Labor Matters, etc.

(a) A list of all of the employees of the Acquired Companies as of the date hereof is set forth in Section 2.16(a) of the Company Disclosure Letter (the “Business Employees”), including the job description and/or duties of each Acquired Company Employee. Except as set forth in Section 2.16(a) of the Company Disclosure Letter, the employment of each Business Employee is terminable at will by the Acquired Companies.

(b) None of the Acquired Companies is a party to or is otherwise bound by any collective bargaining agreement, and there are no labor unions or other organizations or groups representing, purporting to represent or, to the Knowledge of the Company, attempting to represent any employees employed by the Acquired Companies. There is no pending or, to the Knowledge of Company, threatened strike, slowdown, picketing or work stoppage by, or lockout of, or other similar labor activity or organizing campaign with respect to, any employees of the Acquired Companies as of the date hereof. Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, the Acquired Companies are in compliance with all applicable Laws respecting labor, employment, fair employment practices, terms and conditions of employment, employee classification and wages and hours, non-discrimination in employment, immigration and occupational health and safety with respect to the employment of current and former employees. There is no material charge pending against any Acquired Company alleging unlawful discrimination in employment practices, or otherwise alleging any violation of applicable Law, by or before any court or agency and there is no material charge of, or proceeding with regard to, any unfair labor practice against any

Acquired Company pending before the National Labor Relations Board or other similar Governmental Authority. Since January 1, 2014, Company has not received any written notice from any management-level employee that such employee intends to terminate his or her employment with the Business.

(c) All individuals who have performed services for the Acquired Companies or who otherwise have claims for compensation from the Acquired Companies with respect to services provided (i) have been properly classified as an employee or independent contractor for purposes of all applicable Laws, including without limitation the Code and ERISA, (ii) have been properly classified as either exempt or nonexempt under the Fair Labor Standards Act and applicable state Law equivalents and (iii) have been properly and consistently classified as part-time or full-time for purposes of determining eligibility for benefits and paid time off.

(d) For the past three (3) years, no Acquired Company has taken any action that would constitute a mass layoff, mass termination or plant closing within the meaning of the federal Worker Adjustment and Retraining Notification Act or any similar foreign, state or local plant closing or collective dismissal Law.

Section 2.17 Employee Benefit Plans and Related Matters; ERISA.

(a) Section 2.17(a) of the Company Disclosure Letter lists all Acquired Company Benefit Plans. Company has made available to Buyer complete and correct copies of (i) each Acquired Company Benefit Plan (or, in the case of any such Benefit Plan that is unwritten, descriptions thereof), (ii) the most recent annual reports on Form 5500 required to be filed with the IRS with respect to each Acquired Company Benefit Plan (if any such report was required) with respect to the last three years and all schedules thereto, (iii) the financial statements and actuarial valuations for the past three (3) fiscal years (including Financial Account Standard Board report nos. 87, 106 and 112 if applicable), (iv) the most recent summary plan description for each Company Benefit Plan for which such summary plan description is required, (v) the most recent IRS determination letter for each Acquired Company Benefit Plan, (vi) written communications to employees relating to the Acquired Company Benefit Plans, (vii) all non-routine correspondence to and from any Governmental Authority, including but not

limited to the IRS, the U.S. Department of Labor and the Pension Benefit Guaranty Corporation, (vii) all nondiscrimination tests required under the Code for each Acquired Company Benefit Plan intended to be qualified under Section 401(a) of the Code for the three (3) most recent plan years, and (viii) each trust agreement and insurance or group annuity contract relating to any Acquired Company Benefit Plan.

(b) Each Acquired Company Benefit Plan intended to be qualified under Section 401(a) of the Code, and the trust (if any) forming a part thereof, has received a favorable determination letter from the IRS and, to the Knowledge of Company, there are no existing circumstances or events that could reasonably be expected to adversely affect the qualification of such Acquired Company Benefit Plan. Each Acquired Company Benefit Plan has been maintained, operated and administered in accordance with its terms and with applicable Laws in all material respects and each Acquired Company has performed and complied in all material respects with all of their obligations under or with respect to each Acquired Company Benefit Plan.

(c) (i) Other than routine claims for benefits, there are no pending or, to the Knowledge of Company, threatened, actions, claims or lawsuits by or on behalf of any participant in any of the Acquired Company Benefit Plans, or otherwise involving any Acquired Company Benefit Plan or the assets of any Acquired Company Benefit Plan; and (ii) none of the Acquired Company Benefit Plans is presently under audit or examination (nor has notice been received of a potential audit or examination) by the IRS, the Department of Labor, or any other Governmental Authority, domestic or foreign. There have been no non-exempt “prohibited transactions” (as defined in Section 406 of ERISA or Section 4975 of the Code) and no fiduciary (as defined in Section 3(21) of ERISA) has any liability for breach of fiduciary duty or any other failure to act or comply in connection with any Acquired Company Benefit Plan.

(d) No Acquired Company Benefit Plan is a Multiemployer Plan or a multiple employer plan within the meaning of Section 4063 or 4064 of ERISA, and none of the Acquired Companies nor any of Company’s ERISA Affiliates contributes to or is obligated to contribute to a Multiemployer Plan or a “multiple employer plan” within the meaning of Section 4063 or 4064 of ERISA. No Acquired Company or any ERISA Affiliate thereof has sponsored, contributed to

or been obligated to contribute to any plan that is subject to Title IV, Section 302 or Section 303 of ERISA or Section 412 or Section 430 of the Code.

(e) All contributions (including all employer contributions and employee salary reduction contributions) and premium payments required to have been made under any of the Acquired Company Benefit Plans have been made by the due date thereof and all contributions and premium payments for any period ending on or before the Closing which are not yet due will have been paid or accrued prior to the Closing.

(f) Except as set forth in Section 2.17(f) of the Company Disclosure Letter, no Acquired Company Benefit Plan provides, nor has any Acquired Company or Company Subsidiary, promised or committed to provide any post-employment or retiree medical, life insurance or other welfare-type benefits other than coverage as and only to the extent required under Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the Code or any other applicable Laws and for which the beneficiary pays the entire premium.

(g) Each Acquired Company Benefit Plan is amendable and terminable unilaterally by the Company at any time without liability or expense to any Acquired Company or such Acquired Company Benefit Plan, except the expense of amending or terminating such Acquired Company Benefit Plans. All third-party administration agreements are cancelable by the Acquired Companies without cause and without penalty on not more than ninety (90) days advance notice.

(h) Each Acquired Company Benefit Plan that is a nonqualified deferred compensation plan (as defined by Section 409A of the Code) that is subject to Section 409A of the Code has been operated in compliance with such section and all applicable regulatory guidance. No Acquired Company has an obligation to make any reimbursement payment, gross-up, or indemnify any individual for any excise taxes, interest or penalties incurred pursuant to Section 409A of the Code.

(i) Except as set forth in Section 2.17(i) of the Company Disclosure Letter, neither the execution of this Agreement nor the consummation of the transactions contemplated hereby, either alone or in combination with any other event, will (i) accelerate the time of

payment or vesting of, or increase the amount of, or result in the forfeiture of, compensation or benefits under any Acquired Company Benefit Plan; (ii) entitle any current or former employee, director, partner, consultant or independent contractor of the Acquired Companies, to severance pay, benefits or any other payment or any increase in severance pay, benefits or any other compensation, payment or award; (iii) directly or indirectly cause the Acquired Companies to transfer or set aside any assets to fund any benefits under any Acquired Company Benefit Plan; or (iv) give rise directly or indirectly, to the payment of any amount that could reasonably be expected to be characterized as an “excess parachute payment” within the meaning of Section 280G of the Code (or any corresponding or similar state, local or foreign Tax law and without regard to the exceptions set forth in Sections 280G(b)(4) and 280G(b)(5)(A)(ii) of the Code).

Section 2.18 Tax Matters.

(a) All Tax Returns (including any consolidated, combined, unitary, or other similar Tax Return that includes or is required to include any Acquired Company) required to be filed by or on behalf of the Acquired Companies have been timely filed (after giving effect to any extensions of time in which to make such filings) and all Taxes owed by each Acquired Company (whether or not shown or required to be shown on such Tax Returns) have been timely paid or remitted. All such Tax Returns were true, complete and correct in all respects. Except as set forth in Section 2.18(a) of the Company Disclosure Letter, no portion of any such Tax Return has been the subject of any audit, action, suit, proceeding, claim or examination by any Governmental Authority, and no such audit, action, suit, proceeding, claim, deficiency or assessment is, to the Knowledge of Company, pending or threatened. None of the Acquired Companies has waived any statute of limitation with respect to any Tax or agreed to any extension of time with respect to a Tax assessment or deficiency that is currently in effect. No claim has ever been made by a Governmental Authority in a jurisdiction where any of the Acquired Companies do not file Tax Returns that any Acquired Company is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes upon the assets of any of the Acquired Companies other than Permitted Liens. None of the Acquired Companies has, and has not had, a permanent establishment or other taxable presence in any foreign country, as defined under

applicable foreign law or in any applicable Tax treaty or convention between the United States and such foreign country. None of the Acquired Companies own, directly or indirectly, stock in any other corporation which is a passive foreign investment company within the meaning of Section 1297 of the Code or a controlled foreign corporation within the meaning of Section 957 of the Code. No portion of the Purchase Price is subject to any Tax withholding provision of federal, state, local or non-U.S. law.

(b) The Acquired Companies have withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, stockholder, independent contractor, creditor, or other third party. The assets of the Acquired Companies do not include any ownership interests in any foreign or domestic partnerships, joint ventures, limited liability companies, or other entities taxed as a partnership or other pass through entity for U.S. federal income Tax purposes.

(c) None of the Acquired Companies have filed an election under Treasury Regulation Section 301.7701-3. Each Acquired Company is treated as a corporation for U.S. federal income Tax purposes pursuant to such Treasury Regulation (and similarly for all state, local, and foreign income Tax law purposes). The Company is not, and has not been during the immediately preceding five-year period, a U.S. real property holding company (as defined in Section 897(c)(2) of the Code)

(d) Section 2.18(d) of the Company Disclosure Letter contains a list of all jurisdictions (whether foreign or domestic) to which any Tax is properly payable by or on behalf of the Acquired Companies.

(e) There has not been any change in any method of Tax accounting or any making of a Tax election or change of an existing election by or on behalf of the Acquired Companies, in each case within the last five years.

(f) None of the Acquired Companies (i) has received or applied for a Tax ruling or entered into a closing agreement pursuant to Section 7121 of the Code (or any predecessor provision or any similar provision of state or local law), in either case that would be binding upon the Acquired Companies after the date hereof, (ii) is or has been a member of any

affiliated, consolidated, combined, unitary or other similar group for purposes of filing Tax Returns (other than a group the common parent of which is Company) or (iii) has any liability for the Taxes of any other Person under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign law (other than another member of the Company Group), or as a transferee or successor, by agreement, contract, or otherwise. No power of attorney with respect to Taxes has been executed or filed with any Governmental Authority by or with respect to any Acquired Company that will remain in effect after the Closing.

(g) None of the Acquired Companies has participated in a “reportable transaction” within the meaning of Treasury Regulations Section 1.6011-4 within the last five years.

(h) No Acquired Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date, or other adjustment under Section 446(e), Section 481, or Section 807(f) of the Code (or any analogous provisions of state, local or foreign Laws) effected prior to the Closing Date, (ii) “closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign income Tax Laws) executed on or prior to the Closing Date, (iii) intercompany transaction or excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local or foreign income Tax Laws), (iv) installment sale or open transaction disposition made on or prior to the Closing Date, (v) prepaid amount received on or prior to the Closing Date, or (vi) election under Section 108(i) of the Code.

(i) Section 2.18(i) of the Company Disclosure Letter lists all Tax Returns filed by or with respect to each Acquired Company (including any such Tax Return filed by the Company Group) for all taxable periods ended on or after December 31, 2011, copies of which have been made available to Buyer, and indicates those Tax Returns that have been audited or subject to similar examination by a Taxing authority and those Tax Returns that, to the Knowledge of Company, currently are the subject of such an audit or examination.

(j) No Acquired Company has any excess loss account described in the Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local, or foreign income Tax law).

(k) No Acquired Company has been either a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355 (a)(1)(A) of the Code) in a distribution of stock qualifying or intended to qualify for tax-free treatment under Section 355 of the Code (A) in the two (2) years prior to the date of this Agreement or (B) in a distribution which could otherwise constitute part of a “plan” or “series of related transactions” (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement.

(l) None of the Acquired Companies has an obligation to make a payment that will not be deductible under Section 280G of the Code.

(m) No Acquired Company is subject to any current limitation (excluding for this purpose any such limitation arising as a result of the purchase and sale pursuant to this Agreement) under Sections 382, 383, or 384 of the Code (or any corresponding or similar provision of Law) on its ability to utilize its net operating losses, built-in losses, credits, or other similar items.

Section 2.19 Insurance. Section 2.19 of the Company Disclosure Letter sets forth all current property and liability insurance policies covering the Acquired Companies or the Assets as of the date of this Agreement (the “Insurance Policies”). The Insurance Policies are in full force and effect (and all premiums due and payable thereon have been paid in full covering all periods up to the date hereof and will have been paid up to and including the Closing Date), and no written notice of cancellation, termination or revocation or other written notice that any of the Insurance Policies is no longer in full force or effect or that the issuer of any of the Insurance Policies is not willing or able to perform its obligations thereunder has been received by any Acquired Company, except for any such Insurance Policy which is replaced or expires in accordance with its terms prior to the Closing Date.

Section 2.20 Finders' Fees. Except for Griffin Financial Group LLC (“Griffin”), whose fees and expenses will be paid by Company, there is no investment banker, broker, finder or other intermediary retained by or authorized to act on behalf of any of the Acquired Companies who might be entitled to any fee or commission from Buyer or any of its Affiliates (including, after the Closing, the Acquired Companies) upon consummation of the transactions contemplated hereby.

Section 2.21 Transactions with Related Persons. Except for any Acquired Company Benefit Plan:

(a) Section 2.21(a) of the Company Disclosure Letter lists all agreements, arrangements and other commitments or transactions (other than Acquired Company Benefit Plans listed in Section 2.17(a) of the Company Disclosure Letter or Material Contracts described in Section 2.9(a)(iii) and listed in Section 2.9 of the Company Disclosure Letter) to or by which any of the Acquired Companies, on the one hand, and any of their Affiliates (other than such Acquired Company) or any employee, officer or director of any Acquired Company, on the other hand, are parties or are otherwise bound or affected other than service as a director, officer or employee of any Acquired Company.

(b) Section 2.21(b) of the Company Disclosure Letter describes all services (other than pursuant to Acquired Company Benefit Plans listed in Section 2.17(a) of the Company Disclosure Letter or Material Contracts described in Section 2.9(a)(iii) and listed in Section 2.9 of the Company Disclosure Letter) provided to any Acquired Company by (i) an Affiliate of Company (other than such Acquired Companies), (ii) any employee, officer or director of any Acquired Company (other than service as an employee, officer or director), or (iii) vendors or subcontractors of any such party in clause (i) or (ii).

Section 2.22 Reinsurance.

(a) Section 2.22(a) of the Company Disclosure Letter sets forth a true and complete list, as of the date hereof, of all reinsurance and retrocessional treaties and agreements to which Company or ARI Casualty is a party and has any existing rights or obligations for all known claims since January 1, 1974, each of which treaties and agreements is in full force and

effect. True and complete copies of all such treaties and agreements have been made available to Buyer. Except as set forth in Section 2.22(a) of the Company Disclosure Letter or except as, individually or in the aggregate, would not, or would not reasonably be expected to, have a Material Adverse Effect, (i) neither Company nor ARI Casualty is in default under any such reinsurance treaty or agreement where such default has given (or will give) rise to any right of termination, acceleration or cancellation to the other party or parties thereto and (ii) all reinsurance premiums due under such reinsurance treaties or agreements have been paid in full or were adequately accrued or reserved for by Company or ARI Casualty. To the Knowledge of Company, all amounts recoverable under any reinsurance and retrocessional treaties and agreements to which Company or ARI Casualty is a party (including amounts based on paid and unpaid losses) are fully collectible or Company or ARI Casualty, as applicable, maintains reserves equal to reinsurance recoverables which are not fully collectible. Except as set forth in Section 2.22(a) of the Company Disclosure Letter, there is no pending or, to the Knowledge of Company, threatened, Litigation with respect to any reinsurance treaties or retrocessional treaties or agreements to which Company or ARI Casualty is a party.

(b) With respect to reinsurance for risks ceded by Company or ARI Casualty, Company or ARI Casualty has all necessary letters of credit or other security devices and all such letters of credit and security devices comply in all material respects with all applicable Insurance Laws, in each case where needed under applicable Insurance Laws to enable it to take a credit against its liabilities in, or increase its assets by, the amount of the letter of credit or security device for purposes of preparing statutory financial statements pursuant to SAP. Section 2.22(b) of the Company Disclosure Letter identifies all letters of credit and other security devices held or maintained for the benefit of Company or ARI Casualty to support receivable balances from unauthorized reinsurers.

(c) To the Knowledge of the Company, neither the Company nor ARI Casualty has any claims arising on or prior to January 1, 1974 under any insurance policy or contract that is not covered by a reinsurance or retrocessional treaty or agreement.

Section 2.23 Ratings. (a) The insurance or insurer financial strength of Company is rated “B+” by A.M. Best & Co. (the “Rating Agency”), and (b) except as set forth in

Section 2.23 of the Company Disclosure Letter, since January 1, 2012, (i) the Rating Agency has not publicly announced, provided written notice or, to the Knowledge of Company, provided oral notice to Company that it has under surveillance or review for a possible downgrading of its rating of the insurance and insurer financial strength or any claims paying ability of Company and (ii) Company has not received any written notice or, to the Knowledge of Company, oral notice from the Rating Agency to the effect that any rating specified in clause (a) above is likely to be modified, qualified or lowered.

Section 2.24 Agents, Brokers and Producers.

(a) Except as set forth in Section 2.24(a) of the Company Disclosure Letter, to the Knowledge of Company, as of the date hereof, each insurance agent, third party administrator, marketer, underwriter, wholesaler, broker, reinsurance intermediary, distributor, and producer that marketed, wrote, sold, produced or managed business since January 1, 2011 for Company in connection with the Business (each, an “Agent”), at the time such Person wrote, sold, produced or managed such business, was duly licensed as required by applicable Insurance Laws for the type of business written, and to the Knowledge of Company, no Agent, since January 1, 2011, has been in violation (or with or without notice or lapse of time or both, would have violated) of any term or provision of any Insurance Laws applicable to the marketing, writing, sale, production, administration or management of business for Company in connection with the Business, except for such failures to be licensed or such violations which have been cured, which have been resolved or settled through agreements with applicable Governmental Authorities, which are barred by an applicable statute of limitations or which would not, or would not reasonably be expected to, have a Material Adverse Effect. Since January 1, 2011, each such Agent was, to the extent required by applicable Insurance Laws, appointed in compliance in all material respects with applicable Insurance Laws and all required processes and procedures required to be undertaken by Company, including background and other checks, were undertaken in compliance in all material respects with applicable Insurance Laws. To the Knowledge of Company, in connection with Company, since January 1, 2011, (i) there have been no material violations by Agents of any applicable Law in connection with the marketing or sale of products issued by any of the Acquired Companies or any Business product, (ii) there

have been no instances of Agents having materially breached the terms of agency or broker contracts, and (iii) all training and instruction manuals pertaining to the sale of products issued by Company, and pertaining to the Business were in compliance with applicable Insurance Laws, except where non-compliance would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. To the Knowledge of Company, since January 1, 2011, (x) with respect to the Business, no Agent has been enjoined, indicted, convicted or made the subject of a consent decree or administrative orders on account of a material violation of applicable Insurance Laws in connection with such Agent's actions in any of the foregoing capacities or any enforcement or disciplinary proceeding alleging any such violation since January 1, 2011, and (y) all such Agents have carried out their respective duties in all material respects as dictated by their respective employment or contract with Company compliant in all material respects with the applicable Insurance Laws or been terminated.

(b) Section 2.24(b) of the Company Disclosure Letter lists each Agent through which Company markets, places or sells insurance who has generated premium on Business policies since January 1, 2013 in excess of \$500,000 per calendar year, including therein (i) the amount per year generated by each such Agent of gross written premium (as calculated in accordance with GAAP) on Business policies for 2013 and 2014 and (ii) any loans by any Acquired Company to any such Agent or any Affiliate thereof outstanding as of the date of this Agreement. On or before the date hereof, Company has not been advised in writing that any Agent listed on Section 2.24(b) of the Company Disclosure Letter intends to cancel its relationship with Company or any relationship between it and any insured of the Business or materially reduce its writings with or through Company.

(c) Since January 1, 2011, to the Knowledge of Company, Company has implemented procedures and programs which are reasonably designed to ensure that the Agents and their respective employees are in compliance with all applicable Insurance Laws, including laws, regulations, directives and opinions of Governmental Authorities relating to advertising, licensing and sales practices, except where non-compliance would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) Except as set forth in Section 2.24(d) of the Company Disclosure Letter, no contract with an Agent is currently terminable as the result of ratings downgrades of Company and no such contract may be terminable as the result of a further downgrade of Company.

(e) Section 2.24(e) of the Company Disclosure Letter lists agency, subagency, producer, broker, selling, marketing, claims or similar agreements, including managing general agency contracts, third party administration contracts or other similar arrangements or commitments under which a third party has authority to make underwriting decisions and issue insurance policies with respect to the Business on behalf of Company or otherwise bind Company without prior approval by Company or pursuant to which any policy claims settlement authority is delegated to such third party.

Section 2.25 Consumer Privacy Laws. Each Acquired Company is in material compliance with any applicable privacy policies it has established. To the Knowledge of Company, there are no notices, claims, investigations or proceedings pending or threatened by any Governmental Authority or other Person involving notice or information to individuals that Personal Information held or stored by any Acquired Company has been compromised, lost, taken, accessed or misused. No Acquired Company has received any written notice regarding any violation of any Privacy Law, and, to the Knowledge of Company, no Acquired Company has had any data breach involving Personal Information or, if it was made aware of a data breach, has complied with all data breach notification and related obligations and has taken corrective action reasonably designed to prevent recurrence of such a data breach, except as would not, individually or in the aggregate, reasonably be likely to have a Material Adverse Effect. “Personal Information” means any information related to an identified or identifiable natural person and does not meet the definition of de-identified as defined by the Health Insurance Portability and Accountability Act of 1996. “Privacy Laws” shall mean any laws, statutes, rules, regulations, codes, orders, decrees, and rulings thereunder of any federal, state, regional, county, city, municipal or local government of the United States that relate to privacy, data protection or data transfer issues. No Acquired Company is prohibited, presently, or will be, immediately following the consummation of the transactions contemplated by this Agreement, from using all Personal Information presently used in the Business. Except as set

forth in Section 2.25 of the Company Disclosure Letter, there are no agreements between any Acquired Company, on the one hand, and any third party on the other hand, relating to Personal Information or the use or access of any database system housing such Personal Information.

Section 2.26 AML, Sanctions, Etc.

(a) Anti-Money Laundering. None of the Acquired Companies has, directly or indirectly, entered into any transaction that violates any applicable anti-money laundering law or policy, and there has been no Action by any Person, or any internal investigation, relating thereto. Each of the Acquired Companies has complied, in all material respects, with all applicable “know-your-customer” rules.

(b) OFAC. No customer, Agent, vendor, employee or other Person that is a party to a contract or agreement with any Acquired Company of the Business (including any beneficiary of any account) is a Sanctioned Person. None of the Acquired Companies has investments in any Sanctioned Country.

Section 2.27 Prospectus. None of the information supplied or to be supplied by Company for inclusion or incorporation by reference in the Prospectus, on the date it (or any amendment or supplement thereto) is first mailed to Participants (as defined in the Plan of Conversion), will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, except that no representation or warranty is made by Company with respect to information supplied by Buyer for inclusion in the Prospectus.

Section 2.28 Maximum of the Valuation Range. The Maximum of the Valuation Range shall not exceed \$32,200,000.

ARTICLE 3

Representations and Warranties of Buyer

Except as set forth in Buyer Disclosure Letter, Buyer represents and warrants to Company as follows:

Section 3.1 Corporate Status. Buyer is a corporation duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation.

Section 3.2 Corporate and Governmental Authorization.

(a) Buyer has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Buyer the performance of Buyer's obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action of Buyer. Buyer has duly executed and delivered this Agreement. Assuming the due authorization, execution and delivery of this Agreement by Company, this Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer, in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium, receivership or similar Laws relating to or affecting creditors' rights generally and by general principles of equity (whether considered at law or in equity).

(b) The execution, delivery and performance of this Agreement by Buyer and the consummation of the transactions contemplated hereby, require no action by or in respect of, or filing with, any Governmental Authority other than (i) the approvals, filings and notices required under the Insurance Laws set forth in Section 3.2(b)(i) of Buyer Disclosure Letter, and (ii) such other consents, approvals, authorizations, declarations, filings or notices as are set forth in Section 3.2(b)(ii) of Buyer Disclosure Letter.

Section 3.3 Non-Contravention. The execution and delivery of this Agreement by Buyer, and the performance of its obligations hereunder do not and will not (a) conflict with or result in any violation or breach of any provision of any of the Organizational Documents of Buyer, (b) assuming compliance with the matters referred to in Section 3.2(b), conflict with or result in any violation or breach of any provision of any applicable Laws or (c) require any consent or other action by any Person under any provision of any material agreement, permit, license or other instrument to which Buyer is a party.

Section 3.4 Purchase for Investment. Buyer is purchasing the Shares for investment for its own account and not with a view to, or for sale in connection with, any distribution thereof. Buyer (either alone or together with its advisors) has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Shares and is capable of bearing the economic risks of such investment. Buyer acknowledges that the Shares have not been registered under the Securities Act or any state securities Laws, and agrees that the Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available under the Securities Act, and without compliance with foreign securities Laws, in each case, to the extent applicable.

Section 3.5 Litigation. There is no Litigation pending against, or, to the Knowledge of Buyer, threatened against or affecting, Buyer before any court or arbitrator or any Governmental Authority which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement.

Section 3.6 Finders' Fees. There is no investment banker, broker, finder or other intermediary retained by or authorized to act on behalf of Buyer who might be entitled to any fee or commission from Company or any of its Affiliates upon consummation of the transactions contemplated by this Agreement.

Section 3.7 Financial Capability. Buyer, as of the Closing Date, will have sufficient funds to complete the purchase of the Shares on the terms and subject to the conditions set forth in this Agreement and to consummate the other transactions contemplated by this Agreement.

Section 3.8 Notice to Members and Registration Statements. None of the information supplied or to be supplied by Buyer for inclusion or incorporation by reference in the Proxy Statement and notice to Eligible Members (as defined in the Plan of Conversion) contemplated by Sections 4(c) and 4(d) of the Plan of Conversion (collectively, the "Member Notices") and the Registration Statement, on the date it (or any amendment or supplement thereto) is first mailed to Participants (as defined in the Plan of Conversion), will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order

to make the statements made therein, in the light of the circumstances under which they are made, not misleading, except that no representation or warranty is made by Buyer with respect to information supplied by Company for inclusion in such Member Notices and Registration Statement.

ARTICLE 4

Certain Covenants

Section 4.1 Conduct of the Business. From the date hereof until the Closing, except as otherwise expressly permitted or required by this Agreement or as set forth in Section 2.8 of this Agreement or Section 4.1 of the Company Disclosure Letter or otherwise requested or consented to in writing by Buyer, which consent shall not be unreasonably conditioned, withheld or delayed, Company shall and shall cause each other Acquired Companies to conduct the Business in all material respects in the ordinary course of business and Company shall not and shall not permit any of the Acquired Companies to:

(a) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, its outstanding capital stock or equity interests or members;

(b) amend its Organizational Documents, except as required by applicable Laws, or take or authorize any action to wind up its affairs or dissolve (other than as contemplated by the Plan of Conversion);

(c) except as contemplated hereby, amend or terminate, or increase the coverage or benefits available under, any Acquired Company Benefit Plan in any material respect or establish any new arrangement that would (if it were in effect on the date hereof) constitute an Acquired Company Benefit Plan or take any action to increase or materially change the rate of compensation or benefits of its employees, directors, officers or independent contractors or grant any unusual or extraordinary bonus, benefit, severance or termination pay, or other direct or indirect compensation to any employee, or loan or advance any money or other property to any employee (other than with respect to business expenses incurred in the ordinary course of business), other than, in each case, in the ordinary course of business in a manner

consistent with past practice or to the extent required under any Benefit Plan, collective bargaining agreement, labor agreement, works council agreement or other contractual arrangement or by applicable Laws;

(d) issue, sell or grant options, warrants or rights to purchase or subscribe to, enter into any arrangement or contract with respect to the issuance or sale of, or redeem, repurchase or otherwise acquire (or agree to redeem, purchase or otherwise acquire) any capital stock or any of other securities or any rights, warrants or options to acquire any such capital stock or securities of any Acquired Company or make any changes (by combination, reorganization reverse stock split, reclassification of any shares of capital stock or other securities of any of the Acquired Companies or otherwise) in the capital structure of the Acquired Companies (other than pursuant to the terms of awards under any Benefit Plan);

(e) sell, assign, transfer, pledge or encumber, or grant any Lien (other than a Permitted Lien) on, any of its Assets, except in the ordinary course of business;

(f) make any material change to its accounting policies or practices, except as required by GAAP, SAP or applicable Laws;

(g) other than as required by SAP, generally accepted actuarial standards or applicable Laws, change any Reserving Practices and Policies

(h) merge or consolidate with any other Person, enter into a business combination with or acquire the business of any other Person or, other than the acquisition or licensing of any intellectual property right in the ordinary course of business, acquire, lease or license any material right or other material property or assets of any other Person, or adopt a plan of complete or partial liquidation, dissolution, rehabilitation, restructuring, recapitalization, redomestication or other reorganization;

(i) other than in connection with the management of the Acquired Companies' investment portfolio in the ordinary course of business and the payment of losses under insurance policies written by Company or ARI Casualty and loss adjustment expenses, sell, pledge, lease, license or dispose of a material portion of any of its assets;

(j) enter into, assume, amend or terminate any Material Contract or any agreement that would be a Material Contract, other than Material Contracts entered into in the ordinary course of business;

(k) incur, or guarantee, any Indebtedness, other than trade accounts payable, short-term working capital financing and advances to employees and Agents, in each case, incurred in the ordinary course of business; provided that such advances shall not in the aggregate exceed \$250,000 at any time;

(l) make any capital expenditures or commitments for capital expenditures, other than capital expenditures or commitments for capital expenditures in the ordinary course of business consistent with past practice and not in excess of \$50,000 in any single instance or in excess of \$100,000 in the aggregate;

(m) forgive, cancel or compromise any debt or claim in excess of \$50,000 in the aggregate, or waive or release any right with a value in excess of \$100,000 in the aggregate;

(n) fail to pay or satisfy when due any liability of the Acquired Companies (other than any such liability (i) that is being contested in good faith and is not in excess of \$50,000 in the aggregate or (ii) that is the subject of clause (p) below);

(o) make or change any material Tax election, enter into, amend, terminate or otherwise restructure any agreement with any of its Affiliates relating to Taxes, change an annual accounting period, adopt or change any material accounting method, file any amended Tax Return or any claim for any Tax refund, enter into any closing agreement, settle any Tax Litigation or any claim or assessment in respect of Taxes, consent to any extension or waiver of the limitation period applicable to any material Tax Litigation or assessment relating to any Acquired Company;

(p) settle or compromise any Litigation, other than settlements or compromises of claims-related Litigation within policy limits and in the ordinary course of business;

(q) enter into any employment agreement or employment contract or otherwise hire any employee;

(r) other than increases in salaries or wages in the ordinary course of business, increase the salary or wages of any employee;

(s) engage in any transaction or enter into, modify or amend any arrangement or contract with any officer, director, stockholder or other insider or Affiliate of such Acquired Company (other than another Acquired Company), except in the ordinary course of business;

(t) make any investments other than in the ordinary course of business;

(u) sell, assign, transfer, license, sublicense or otherwise encumber any of the Intellectual Property owned by it, disclose any confidential information to any Person (other than to Buyer and its Affiliates and other than in the ordinary course of business), or abandon or permit to lapse any of such Intellectual Property;

(v) enter into or agree to any regulatory restrictions or arrangements adversely affecting any of Company's or ARI Casualty's Insurance Licenses listed in Section 2.14(a) of the Company Disclosure Letter;

(w) forfeit, abandon, amend, modify, waive or terminate any Insurance License, necessary to conduct the Business; or

(x) agree or commit to do any of the foregoing.

Section 4.2 Access to Information; Confidentiality; Books and Records.

(a) From the date hereof until the Closing, Company shall (i) give Buyer, its counsel, financial advisors, auditors and other authorized representatives reasonable access to the offices, properties, books and records of the Acquired Companies, (ii) furnish to Buyer, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information relating to the Acquired Companies as such Persons may reasonably request and (iii) instruct the employees, counsel and financial advisors of the Acquired Companies to use commercially reasonable efforts to cooperate with Buyer, in each case solely in connection with Buyer's preparation to integrate the Acquired Companies into Buyer's organization following the Closing.

(b) Anything to the contrary in Section 4.2(a) notwithstanding, (i) access rights pursuant to Section 4.2(a) shall be exercised in such manner as not to interfere unreasonably with the conduct of the Business or any other business of the party granting such access and (ii) the party granting access may withhold any document (or portions thereof) or information (A) that is subject to the terms of a non-disclosure agreement with a third party, (B) that may constitute privileged attorney-client communications or attorney work product and the transfer of which, or the provision of access to which, as reasonably determined by such party's counsel, constitutes a waiver of any such privilege or (C) if the provision of access to such document (or portion thereof) or information, as determined by such party's counsel, would reasonably be expected to conflict with applicable Laws. Company shall use commercially reasonable efforts to obtain any consent of any Person party to a non-disclosure agreement described in subsection (A) to the disclosure of information subject thereto.

(c) All information provided to Buyer pursuant to this Section 4.2 prior to the Closing shall be held by Buyer as Evaluation Material (as defined in the letter agreement dated as of February 10, 2015, between Company and Griffin, on behalf of Company (the "Confidentiality Agreement")) and shall be subject to the Confidentiality Agreement, the terms of which are incorporated herein by reference. The Confidentiality Agreement shall continue in full force and effect until the Closing, at which time it shall automatically terminate.

Section 4.3 Filings.

(a) Each party hereto shall (i) make the filings required of it or any of its Affiliates under all applicable Laws in connection with this Agreement and the transactions contemplated hereby as promptly as practicable following the date hereof (and not later than fifteen (15) Business Days after the date hereof), (ii) comply at the earliest practicable date and after consultation with the other parties hereto with any request for additional information or documentary material received by it or any of its Affiliates from any Insurance Department or any other Governmental Authority or any other Person whose consent, approval or authorization is necessary to consummate the transactions contemplated by this Agreement, (iii) cooperate with the other parties hereto in connection with any filing under any applicable Laws and in connection with resolving any investigation or other inquiry concerning the transactions

contemplated by this Agreement initiated by any Insurance Department or any other Governmental Authority and (iv) use commercially reasonable efforts to take any other action reasonably necessary to obtain the consents, approvals and authorizations required for the consummation of the transactions contemplated by this Agreement at the earliest possible date.

(b) Each party shall promptly inform the other parties of any material communication made to, or received by such party or any of its representatives from any Insurance Department or any other Governmental Authority regarding any of the transactions contemplated by this Agreement.

(c) Each party shall promptly inform the other parties of any meetings or hearings to be held with or before any Insurance Department or any other Governmental Authority regarding any of the transactions contemplated by this Agreement.

(d) Any fee or payment to an Insurance Department or any other Governmental Authority in connection with the transactions contemplated by this Agreement shall be borne by Buyer; provided that fees or payments to the Commissioner with respect to (i) the Plan of Conversion shall be borne by Company and (ii) the change of control of Company in accordance with 40 P.S. § 991.1402 and regulations promulgated thereunder shall be borne by Buyer.

(e) Without limiting the foregoing, each of Company and Buyer hereby agrees to use its commercially reasonable efforts to prepare all documentation, to effect all filings and to obtain all permits, consents, clearances, waivers, approvals and authorizations of all Insurance Departments and other Governmental Authorities and other Persons necessary to consummate the transactions contemplated by this Agreement as promptly as practicable. In connection with effecting any such filing or obtaining any such permit, consent, clearance, waiver, approval or authorization necessary to consummate the transactions contemplated by this Agreement, Company and Buyer shall, subject to applicable Laws, (i) permit counsel for the other party to review in advance, and consider in good faith the views of the other party in connection with, any proposed written communication to any Governmental Authority, and (ii) provide counsel for the other party with copies of all filings made by such party, and all material correspondence between such party (and its advisors) with any Governmental Authority and any other

information supplied by such party to, or received from, a Governmental Authority relating to the transactions contemplated hereby; provided, however, that materials may be redacted or withheld (A) to the extent that they concern the valuation of Company or any of its Subsidiaries or any of their respective businesses of either party or alternatives to the transactions contemplated by this Agreement and (B) as necessary to comply with other contractual arrangements. Notwithstanding anything herein to the contrary, Buyer shall not be obligated to agree to any arrangement that would (v) would require Buyer, the Acquired Companies and/or Buyer's Affiliates to maintain a certain number of employees or minimum headcount in any jurisdiction or region, (w) require or involve the sale, disposition, or separate holding, through the establishment of a trust, or otherwise, of any of the Acquired Companies or its assets, properties of business or of any of the assets, properties or businesses of Buyer or any of its Affiliates, or, except as contemplated by the Plan of Conversion, the making of any debt, equity investment or capital contribution in any of the Acquired Companies or in the Buyer or any of its Affiliates, (x) except as contemplated by the Plan of Conversion, require or involve any material modification of the existing capital structure of any of the Acquired Companies or of Buyer or any of its Affiliates, (y) involve any material requirement or restriction on the Business of any of the Acquired Companies or any business of the Buyer or any of its Affiliates, or (z) otherwise be reasonably likely to materially adversely impact the economic, tax or business benefits reasonably expected to be derived by Buyer in connection with the transactions contemplated hereby, taken as a whole, had Buyer and/or any of the Acquired Companies not been subject to any such arrangement. No party shall be required to waive any condition precedent to comply with this Section 4.3.

Section 4.4 Employees and Employee Benefits.

(a) The Acquired Companies shall take all actions necessary or desirable, including without limitation obtaining any necessary consents and authorizations and adopting any necessary plan amendments or resolutions, all such actions in accordance with the requirements of the Code and ERISA, (i) prior to the Closing Date, to terminate each Acquired Company Pension Plan prior to the Closing Date and (ii) on or prior to the Closing Date, all other Acquired Company Benefit Plans, except those set forth in Section 4.4(a) of the Company

Disclosure Letter (collectively, the Acquired Company Pension Plans and the Acquired Company Benefit Plans described in (i) and (ii) above being herein referred to as the “Terminated Benefit Plans”), and in no event shall any Acquired Company Employee be entitled to accrue any benefits under the Terminated Benefit Plans with respect to services rendered or compensation paid on or after the Closing.

(b) As of the Closing Date, Buyer shall cause Company to continue (i) to employ the Business Employees of the Acquired Companies set forth in Section 4.4(b) of the Company Disclosure Letter, who are employees of the Acquired Companies as of the Closing (the “Acquired Company Employees”), on terms and conditions that include, in the aggregate, (A) compensation (including but not limited to rates of annual base salary or wage level that is at least equal to that provided to each such Acquired Company Employee by the applicable Acquired Company on the Closing Date) and (B) participation in Benefit Plans of Buyer made available to employees of Buyer and its Affiliates (provided that during the eighteen (18) month period immediately following the Closing Date such Acquired Company Employees will receive the severance benefits described in Section 4.4(e) hereof and shall not receive any severance benefits pursuant to any other Buyer severance plan), and (ii) subject to Section 4.4(h) hereof, to perform and comply with all terms and provisions of the Current Executive Employment Agreements, as amended, modified, superseded or replaced on or after the Closing including pursuant to the New Executive Employment Agreements, with respect to change in control of Company or bonus arrangements due upon a change in control of Company.

(c) For all purposes under the Benefit Plans established or maintained by Buyer, Company and their respective Affiliates in which Acquired Company Employees may be eligible to participate after the Closing (the “New Benefit Plans”), each Acquired Company Employee shall be credited with the same amount of service as was credited by Company and its Affiliates as of the Closing under similar or comparable Benefit Plans (including for purposes of eligibility to participate, vesting, benefit accrual and eligibility to receive benefits but not for purposes of retirement plan benefit accrual); provided that such crediting of service shall not operate to duplicate any benefit or the funding of any benefit. In addition, and without limiting the generality of the foregoing, (i) with respect to any New Benefit Plans in which the Acquired

Company Employees may be eligible to participate following the Closing, each Acquired Company Employee will immediately be eligible to participate in such New Benefit Plans, without any waiting time, to the extent coverage under such New Benefit Plans replaces coverage under a similar or comparable Benefit Plan in which such Acquired Company Employee was eligible to participate immediately before such commencement of participation and (ii) for purposes of each New Benefit Plan providing medical, dental, pharmaceutical and/or vision benefits to any Acquired Company Employee, Buyer, the Acquired Companies shall cause all pre-existing condition exclusions and actively-at-work requirements of such New Benefit Plan to be waived for such Acquired Company Employee and his or her covered dependents, to the extent any such exclusions or requirements were waived or were inapplicable under any similar or comparable Acquired Company Benefit Plan.

(d) With respect to Acquired Company Employees, Buyer shall, and shall cause the Acquired Companies to, honor all Acquired Company Benefit Plans (other than the Terminated Benefit Plans) in accordance with their terms as in effect immediately prior to the Closing, subject to any amendment or termination thereof that may be permitted by such plans, agreements or written arrangements.

(e) Unless otherwise provided in the Current Executive Employment Agreements or the New Executive Employment Agreements, Buyer shall pay to each Acquired Company Employee who shall be terminated without Cause within eighteen (18) months following the Closing Date a cash severance benefit (a “Severance Benefit”), payable as a lump sum, equal to two weeks base pay for each full year of continuous service with Company prior to such Acquired Company Employee’s termination, with a minimum of six (6) weeks for all Acquired Company Employees and up to a maximum of twenty-six (26) weeks for Acquired Company Employees who are not officers of Company as of the Closing Date or fifty-two (52) weeks for Acquired Company Employees who are officers of Company as of the Closing Date. Severance Benefits shall be paid by check immediately following the expiration of the 7-day revocation period following the signing of the general release or the business day following such Acquired Company Employee’s termination of employment, whichever is later.

(f) Following the Closing Date, commencing with the year-ending December 31, 2015, Buyer shall cause Company to fund (or, in the case of Buyer's restricted stock or common equity, make available) an annual bonus pool equal to 5% of Company's Underwriting Profit to be allocated among members of management of Company at the discretion of Karen Fulton, or her duly appointed successor. Such bonus pool will be payable following the receipt of Company's audited SAP financial statements for each applicable calendar year and will be funded in the form of cash, restricted stock or other form of common equity of Buyer or any combination thereof, as determined by the Board of Directors of Buyer or a committee thereof in its sole discretion.

(g) For a period of at least five (5) years after the Closing Date, Buyer agrees that each Acquired Company Employee, who shall remain employed by Company, shall be permitted to continue to work at the headquarters office of Company in Newtown, Pennsylvania, maintained pursuant to Section 4.14 and to maintain any remote/telecommuting working arrangement existing as of the Closing Date. The provisions of this Section 4.4(g) are intended to be for the benefit of Company and, during the Advisory Board Term, will be enforceable by the Advisory Board and its successors and assigns against Buyer, HoldCo and Company.

(h) Buyer shall pay cash retention bonus payments in accordance with Section 10(g)(i) of the Plan of Conversion.

(i) Buyer shall pay an amount equal to the Employee Bonus Pool Fund in accordance with Section 10(f) of the Plan of Conversion.

(j) Nothing contained in this Section 4.4 or any other provision of this Agreement, express or implied, is intended to confer upon any Acquired Company Employee or any other Person any right to employment or continued employment for any period or receipt of any specific benefit or compensation, or shall constitute the establishment of or amendment to or any other modification of any Benefit Plan or any other benefit or compensation plan, program, policy, contract, agreement or arrangement. Further, this Section 4.4 shall be binding upon and shall inure solely to the benefit of the parties to this Agreement, and nothing in this Section 4.4, express or implied, is intended to confer upon any other Person (including any Acquired

Company Employee) any rights or remedies of any nature (including any third-party beneficiary rights under this Agreement) whatsoever by reason of this Section 4.4; provided, however, that during the Advisory Board Term, such provisions identified in Section 4.18(c) will be enforceable by the Advisory Board.

Section 4.5 Supplemental Disclosure. Company and Buyer shall have the right, from time to time prior to the Closing, to supplement or amend the Company Disclosure Letter and Buyer Disclosure Letter, as the case may be, with respect to events or circumstances first arising between the date hereof and the Closing Date (other than as a result of a breach of this Agreement by the party seeking to supplement or amend the Company Disclosure Letter or Buyer Disclosure Letter, as the case may be) that, if existing or known at the date of this Agreement, would have been required to be set forth or described in such Company Disclosure Letter or Buyer Disclosure Letter, as the case may be. Company acknowledges that no such additional disclosure or update by Company, however, shall be deemed to affect any right of Buyer to terminate this Agreement pursuant to Article 6 hereof.

Section 4.6 Public Announcements. Except as permitted pursuant to the Confidentiality Agreement or Section 4.2(c), neither Buyer nor Company shall make, or permit any of their Affiliates or representatives to make, any public announcement in respect of this Agreement or the transactions contemplated hereby without the prior written consent of the other party (such consent not to be unreasonably withheld, delayed or conditioned).

Section 4.7 No Other Bids.

(a) Company shall not, nor shall it permit any Affiliate of Company or any officer, director or employee of any of them, or any investment banker, attorney, accountant or other representative retained by Company or any of its Affiliates to, directly or indirectly, solicit, encourage, initiate or engage in discussions or negotiations with, or respond favorably to requests for information, inquiries, or other communications from, any person other than Buyer concerning a sponsored conversion of the Company, any acquisition of Company, any Acquired Company, or any assets or business thereof (each an “Acquisition Proposal”), except that

Company's officers and directors may respond to inquiries from its members in the ordinary course of business.

(b) Notwithstanding the foregoing, in the event that Company's Board of Directors determines in good faith and after consultation with its outside counsel, that in light of an Acquisition Proposal (other than an Acquisition Proposal the terms of which were made known to Company's Board of Directors prior to the date hereof) which is received by Company prior to the filing of any regulatory applications with any Insurance Department in connection with the transaction contemplated hereby, it is necessary to provide such information or engage in such negotiations or discussions in order to act in a manner consistent with such Board's fiduciary duties, Company's Board of Directors may, in response to an Acquisition Proposal which was not solicited by or on behalf of Company or the other Acquired Companies or which did not otherwise result from a breach of Section 4.7(a), subject to its compliance with Section 4.7(c), (i) furnish information with respect to the Acquired Companies to such Person making such Acquisition Proposal pursuant to a customary confidentiality agreement that is no less restrictive than the Confidentiality Agreement and (ii) participate in discussions or negotiations regarding such Acquisition Proposal. In the event that Company's Board of Directors determines in good faith and after consultation with its outside counsel, that the Acquisition Proposal is a Superior Acquisition Proposal and that it is necessary to pursue such Superior Acquisition Proposal in order for the Company's Board to act in a manner consistent with Company's Board of Directors' fiduciary duties, Company may (A) withdraw, modify or otherwise change in a manner adverse to Buyer, Company's recommendation to its members with respect to the Plan of Conversion, and/or (B) terminate this Agreement in order to concurrently enter into an agreement with respect to such Superior Acquisition Proposal; provided, however, that Company's Board of Directors may not terminate this Agreement pursuant to this Section 4.7(b) unless and until (x) five (5) Business Days have elapsed following the delivery to Buyer of a written notice of such determination by Company's Board of Directors and during such five (5) Business Day period, Company otherwise cooperates with Buyer with the intent of enabling the parties to engage in good faith negotiations so that the transactions contemplated hereby may be effected and (y) at the end of such five (5) Business Day period Company's Board of Directors continues reasonably to believe the Acquisition Proposal at issue

constitutes a Superior Acquisition Proposal. A “Superior Acquisition Proposal” shall mean any bona fide Acquisition Proposal made by any Person (other than Buyer), which Company’s Board of Directors determines in its good faith judgment (after consultation with its financial advisor and outside legal counsel and after taking into account all material legal, financial (including the financing terms thereof), regulatory, timing and other material aspects of the proposal, as well as any modification to this Agreement that Buyer and Company agree in writing to make pursuant to subsection (x) above), (A) is on terms that are more favorable to Company than the terms and provisions of this Agreement, as amended pursuant to subsection (x) above, and (B) is capable of being consummated within a reasonable period of time.

(c) In addition to the obligations of Company set forth in Section 4.7(a) and (b), Company shall immediately advise Buyer orally and in writing of any request for information or of any Acquisition Proposal, the material terms and conditions of such request or Acquisition Proposal and the identity of the person or entity making such request or Acquisition Proposal. Company shall keep Buyer reasonably informed of the status and details (including amendments or proposed amendments) of any such request or Acquisition Proposal, including the status of any discussions or negotiations with respect to any Superior Acquisition Proposal.

Section 4.8 INTENTIONALLY OMITTED.

Section 4.9 Intercompany Agreements and Accounts. Except as contemplated hereby and for the Intercompany Agreements listed in Section 4.9 to the Company Disclosure Letter, Company shall use commercially reasonable efforts to cause all agreements between any Acquired Company, any of their Affiliates that shall not be an Acquired Company (“Intercompany Agreements”), including the agreements listed in Section 2.21(a) of the Company Disclosure Letter, to be terminated without any further obligation or liability of the Acquired Companies and all intercompany accounts receivable or payable (whether or not currently due or payable) between (x) any Acquired Company, on the one hand, and (y) any of its Affiliates (other than an Acquired Company) or any of the officers or directors thereof, on the other hand, to be settled in full in cash (without any premium or penalty), at the Closing. The foregoing shall not apply to any contract, agreement or understanding for service as a director, officer or employee of any Acquired Company.

Section 4.10 Subsequent Financial Statements.

(a) Promptly following their preparation, Company deliver to Buyer a copy of the audited consolidated balance sheet and audited consolidated statement of income, cash flows and changes in policyholders' surplus of Company and its Subsidiaries, at and for the period ended December 31, 2014, together with the report of Company's independent auditors thereon (the "2014 Audited GAAP Financial Statements"). The 2014 Audited GAAP Financial Statements shall be prepared in accordance with GAAP and present fairly in all material respects the combined financial position, results of operations and cash flows of the Acquired Companies at and for the year then ended.

(b) After the date hereof until the Closing Date, Company shall within five (5) Business Days after the filing of such items with the applicable Insurance Departments, deliver to Buyer the Subsequent Period Statutory Statements of Company as of the end of such quarter and for the period then ended (which, other than the Statutory Statement at and for the year ended December 31, 2014, shall be unaudited). The Subsequent Period Statutory Statements shall be prepared in all material respects in accordance with SAP applied on a consistent basis and shall present fairly in all material respects in accordance with SAP the financial position of Company, as of the date thereof, and the results of its operations for the applicable period then ended (subject, for any Subsequent Period Statutory Statement other than the Statutory Statement at and for the year ended December 31, 2014, to normal year-end adjustments).

(c) If required pursuant to SEC Regulation S-X, Company shall use commercially reasonable efforts (including use of reasonably available internal resources) to cooperate with Buyer in Buyer's efforts to compile and prepare data that, when audited will constitute the audited financial data of the Acquired Companies required to be filed with the SEC by Buyer under the Exchange Act, and SEC Regulation S-X. Company shall provide Buyer and its independent auditor with reasonable access to all necessary documents, records and appropriate personnel in Company's custody and control upon reasonable notice during normal working hours. If required pursuant to SEC Regulation S-X, Company similarly shall use commercially reasonable efforts to cooperate with Buyer in the preparation of any unaudited financial statements for the most recent fiscal quarter completed on or ending after the date

hereof and prior to Closing and that Buyer is required to file with the SEC under the Exchange Act

(d) As soon as reasonably practicable prior to finalizing any Subsequent Period Statutory Statement, Company shall provide to Buyer for its review a draft thereof and such supporting schedules and workpapers relating thereto as Buyer may reasonably request. To assist Buyer in such review, Company shall cause to be made available, upon the reasonable request of Buyer, Company's or any of its Affiliates employees, accountants or other service providers to discuss such financial statements with Buyer, its employees, accountants or other representatives. At Buyer's written request, one or more employees, accountants or other Persons designated by Buyer may observe Company and its employees and accountants during the preparation of any Subsequent Period Statutory Statement.

Section 4.11 Conversion. As soon as practicable following receipt of both the Pennsylvania Approval and the New Jersey Approval, Company, acting through Company's Board of Directors, shall, in accordance with all applicable Laws, its Organizational Documents and the Plan of Conversion, duly call, give notice of, convene and hold the Special Meeting for the purposes of obtaining the Member Approval. Company, acting through Company's Board of Directors, shall (x) subject to its fiduciary duties, recommend approval of the Plan of Conversion and (y) use its reasonable best efforts to solicit and obtain the Member Approval.

Section 4.12 Indemnification; Directors' and Officers' Insurance.

(a) From and after the Closing, Buyer shall cause the applicable Acquired Company to indemnify and hold harmless, to the fullest extent permitted under applicable law (and shall also advance expenses as incurred to the fullest extent permitted under applicable law provided the person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification), each present and former director, officer and employee of the Acquired Companies or fiduciaries of Acquired Companies under Acquired Company Benefit Plans and Acquired Company Pension Plans (in each case, when acting in such capacity) (collectively, the "Indemnified Persons") against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses,

claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Closing, including the transactions contemplated by this Agreement except to the extent such liability relates to any liability as to which an Acquired Company may not provide indemnity under applicable Law. For avoidance of doubt, subject to Section 4.12(e), Buyer shall have no obligation to provide capital or funding to any Acquired Company to permit it to fulfill its indemnification obligation hereunder.

(b) Subject to the following sentence, for a period of six years following the Closing, Buyer will provide or purchase director's and officer's liability insurance that serves to reimburse the present and former officers and directors of the Acquired Companies (determined as of the Closing) (providing only for Side A coverage for Indemnified Persons where the existing policies also include Side B coverage for the Acquired Companies) with respect to claims against such directors and officers arising from facts or events occurring before the Closing (including the transactions contemplated by this Agreement), which insurance will contain at least the same coverage and amounts, and contain terms and conditions no less advantageous to the Indemnified Person as that coverage currently provided by Company; provided that in no event shall Buyer be required to expend, on an annual basis, an amount in excess of 250% of the aggregate annual premiums paid as of the date hereof by Company for any such insurance (the "Premium Cap"); provided, further, that if any such annual expense at any time would exceed the Premium Cap, then Buyer will cause to be maintained policies of insurance which provide the maximum coverage available at an annual premium equal to the Premium Cap. At the option of Buyer, prior to the Closing and in lieu of the foregoing, Company shall purchase a tail policy for directors' and officers' liability insurance on the terms described in the prior sentence (including subject to the Premium Cap) and fully pay for such policy prior to the Effective Time.

(c) Any Indemnified Person wishing to claim indemnification under Section 4.12(a), upon learning of any claim, action, suit, proceeding or investigation described above, will promptly notify Buyer; provided that failure to so notify will not affect the

obligations of Buyer under Section 4.12(a) unless and to the extent that Buyer is actually and materially prejudiced as a consequence.

(d) If Buyer or any of its successors or assigns consolidates with or merges into any other entity and is not the continuing or surviving entity of such consolidation or merger or transfers all or substantially all of its assets to any other entity, then and in each case, Buyer will cause proper provision to be made so that the successors and assigns of Buyer will assume the obligations set forth in this Section 4.12.

(e) The provisions of this Section 4.12 are intended to be for the benefit of, and will be enforceable by, each Indemnified Person and his or her heirs and representatives.

Section 4.13 Prospectus.

(a) For the purposes of registering shares of common stock, stated value \$0.01 per share, of Buyer (the "Common Stock") to be offered in connection with the Offering with the Securities and Exchange Commission (the "SEC") under the Securities Act, Buyer shall draft and prepare, and Company shall cooperate in the preparation of, a new Registration Statement, if deemed appropriate by Buyer, and the Prospectus, including a prospectus complying as to form in all material respects with all applicable requirements of applicable Laws, and of the Securities Act and the Exchange Act, and the rules and regulations thereunder. Buyer shall file the Registration Statement, if applicable, and the Prospectus, with the SEC. Each of Buyer and Company shall promptly mail the Prospectus to the various participants pursuant to the Plan of Conversion. Buyer shall also use commercially reasonable efforts to obtain all necessary state securities law or "Blue Sky" permits and approvals required to carry out the transactions contemplated by this Agreement, and Company shall cooperate reasonably with Buyer, including furnishing all information concerning the Acquired Companies, as may be reasonably requested in connection with any such action.

(b) Company shall cooperate reasonably with Buyer including providing Buyer with any information concerning itself the Acquired Companies that Buyer may reasonably request in connection with the drafting and preparation of the Registration Statement, if applicable, and Prospectus, and Buyer shall notify Company promptly of the receipt of any

comments of the SEC with respect to the Prospectus and of any requests by the SEC for any amendment or supplement thereto or for additional information and shall provide to Company promptly copies of all correspondence between Buyer or any of their representatives and the SEC. Buyer shall give Company and its counsel the opportunity to review and comment on the Registration Statement, if applicable, and Prospectus prior to its being filed with the SEC and shall give Company and its counsel the opportunity to review and comment on all amendments and supplements to the Registration Statement, if applicable, and Prospectus and, if any, all responses to requests for additional information and replies to comments prior to their being filed with, or sent to, the SEC. Each of Buyer and Company agrees to use all reasonable efforts, after consultation with the other party hereto, to respond promptly to any such comments of and requests by the SEC and to cause the Registration Statement to be declared effective, if applicable, and the Prospectus and all required amendments and supplements thereto to be mailed to the Persons specified in the Plan of Conversion.

(c) Company and Buyer shall promptly notify the other party if at any time it becomes aware that the Prospectus or the Registration Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. In such event, Company shall cooperate with Buyer in the preparation of a supplement or amendment to such Prospectus or Registration Statement, as the case may be, that corrects such misstatement or omission, and Buyer shall file an amended Registration Statement or amendment or supplement to the Prospectus with the SEC, and Company shall mail such amendment or supplement to the Persons specified in the Plan of Conversion.

Section 4.14 Company Headquarters. Buyer agrees to cause Company to maintain the headquarters office of Company in Newtown, Pennsylvania for a period of at least five (5) years after the Closing Date. The provisions of this Section 4.14 are intended to be for the benefit of Company and, during the Advisory Board Term, will be enforceable by the Advisory Board against Buyer, HoldCo and Company.

Section 4.15 Use of ARI Name. For a period of at least five (5) years after the Closing Date, Buyer agrees to cause Company to maintain and use the name and trademark “ARI” for all

commercial auto insurance related marketing and commercial auto insurance business activities of Company to the extent permitted by applicable Laws. The provisions of this Section 4.15 are intended to be for the benefit of Company and, during the Advisory Board Term, will be enforceable by the Advisory Board against Buyer, HoldCo and Company.

Section 4.16 INTENTIONALLY OMITTED.

Section 4.17 Price Protection.

(a) Following receipt by Buyer within sixty (60) days following the Closing Date of written notice from an Eligible Member, who acquires shares of Common Stock pursuant to the Offering (an “Electing Member”), sent to the address specified in the stock order form accompanying the Prospectus that such Electing Member elects to sell to Buyer all of such acquired shares of Common Stock, Buyer shall acquire from such Electing Member all, but not less than all, of the shares of Common Stock acquired by such Electing Member pursuant to the Offering for a purchase price equal to the Subscription Price multiplied by the number of shares of such Common Stock acquired.

(b) Following receipt by Buyer within three hundred seventy-five (375) days following the Closing Date of written notice from Non-Employee Director, who acquires shares of Common Stock pursuant to the Offering, sent to the address specified in the stock order form accompanying the Prospectus that such Electing Director elects to sell to Buyer all of such acquired shares of Common Stock, Buyer shall acquire from such Electing Director all, but not less than all, of the shares of Common Stock acquired by such Electing Director for a purchase price equal to the Subscription Price multiplied by the number of shares of Common Stock acquired. In the event that the Commissioner waives the one-year holding requirement for shares of the Common Stock acquired by Non-Employee Directors in the Offering, the time period in this Section 4.17(b) shall be sixty (60) days.

Section 4.18 Advisory Board.

(a) Immediately prior to the Closing, Company shall cause HoldCo to establish the Advisory Board.

(b) For a period of five (5) years following the Closing Date (the “Advisory Board Term”), Buyer shall cause HoldCo to maintain the Advisory Board.

(c) The Advisory Board shall have the right to enforce Sections 4.4(e), 4.4(f), 4.4(g), 4.4(h), 4.4(i), 4.14, 4.15, 4.17, 4.18 and 4.19 against Buyer, Company and HoldCo, as applicable, and empowered to take all actions necessary or appropriate in the judgment of the Advisory Board to accomplish or otherwise effect any of the foregoing; provided, however, that the Advisory Board shall have no authority with respect to the management or affairs of any Acquired Company.

(d) The Advisory Board shall meet at least once per calendar year following the Closing Date.

(e) Buyer shall cause HoldCo to pay to each member of the Advisory Board \$1,000 per meeting of the Advisory Board attended by such member; provided that the aggregate amount that HoldCo shall pay to the members of the Advisory Board for their services pursuant to this Section 4.18(e) shall be \$24,000.

(f) The Advisory Board has no obligations hereunder except as set forth in this Section 4.18 or as otherwise expressly set forth herein, and no member of the Advisory Board shall be liable for any decision, act, consent or instruction done or omitted hereunder as a member of the Advisory Board while acting in good faith and in the exercise of reasonable judgment.

Section 4.19 Non-Employee Directors. Following the Closing Date, Buyer shall pay each of the Non-Employee Directors listed on Section 4.19 of the Company Disclosure Letter a retention bonus in accordance with Section 10(g)(ii) of the Plan of Conversion.

ARTICLE 5

Conditions Precedent

Section 5.1 Conditions to Obligations of Buyer and Company. The obligations of Buyer and Company to consummate the transactions contemplated hereby shall be subject to the fulfillment at or prior to the Closing of the following conditions:

(a) No Injunction, etc. Consummation of the transactions contemplated hereby shall not have been restrained, enjoined or otherwise prohibited or made illegal by any applicable Laws.

(b) Governmental Approvals. Company shall have received the Pennsylvania Approval, the New Jersey Approval and the Member Approval, in each case in form and substance reasonably satisfactory to Buyer and Company, and no such consent, authorization or approval shall have been revoked. Buyer shall have received the approvals set forth in Section 3.2(b)(i) of Buyer Disclosure Letter and such other consents, approvals and authorizations, set forth in Section 3.2(b)(ii) of Buyer Disclosure Letter from any Governmental Authority in each case in form and substance reasonably satisfactory to Buyer and Company, and no such consent, authorization or approval shall have been revoked.

(c) Conversion. The Conversion shall have been effected in accordance with the Plan of Conversion and the Act.

(d) Offering. The Offering shall have been consummated in accordance with the terms of the Plan of Conversion.

(e) Registration Statement. The Registration Statement shall be effective under the Securities Act and no Litigation shall be pending or, to the Knowledge of Buyer, threatened by the SEC to suspend the effectiveness of the Registration Statement.

Section 5.2 Conditions to Obligations of Buyer. The obligation of Buyer to consummate the transactions contemplated hereby shall be subject to the fulfillment at or prior to the Closing of the following additional conditions:

(a) Representations; Performance.

(i) The representations and warranties of Company contained in Article 2 of this Agreement (other than Section 2.8) and the certificates delivered pursuant to Sections 1.2(a)(ix) and 5.2(a)(v) shall be true and correct at and as of the Closing Date with the same effect as though made at and as of such time (except for representations that are as of a specific date which representations shall be true and correct respects as of

such date and without giving effect to any supplement to the Company Disclosure Letter pursuant to Section 4.5), except where the failure of such representations and warranties and such certificates to be true and correct (without giving effect to any limitations as to “materiality” or “Material Adverse Effect” set forth therein or any such supplement to the Company Disclosure Letter pursuant to Section 4.5) would not have, individually or in the aggregate, a Material Adverse Effect.

(ii) The representations and warranties of Company contained in Section 2.8 shall be true and correct at and as of the Closing Date with the same effect as though made at and as of such time in all respects as of such date (without giving effect to any supplement to the Company Disclosure Letter pursuant to Section 4.5).

(iii) Company shall have in all material respects duly performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by Company at or prior to the Closing.

(iv) Company shall have delivered to Buyer the items set forth in Section 1.2(a).

(v) Company shall have delivered to Buyer a certificate, dated as of the Closing Date, signed by a duly authorized officer of Company to the effect set forth above in this Section 5.2(a).

For purposes of this Section 5.2, (x) breaches of representations, warranties or covenants hereunder which individually or in the aggregate would result in Damages to Buyer and/or the Acquired Companies in excess of \$3,500,000, or (y) a breach by Company of Section 4.7, shall be deemed material and the applicable condition set forth in this Section 5.2 shall be deemed not to have been satisfied. Buyer shall notify Company if breaches of representations, warranties and covenants hereunder would result in Damages to the Acquired Companies in excess of \$3,500,000 by written notice, which notice shall provide reasonable detail as to the breaches and an accounting of the Damages arising therefrom. Buyer and Company shall in good faith discuss such breaches and Damages and shall delay the Closing Date and a termination hereunder for up to ten (10) days to conduct such discussions.

(b) FIRPTA Certificate. Company shall have delivered to Buyer a properly executed statement satisfying the requirements of Sections 1.1897-2(h) and 1.1445-2(c)(3) of the Treasury Regulations in form reasonably acceptable to Buyer and dated no more than thirty (30) days before the Closing Date, together with proof reasonably satisfactory to Buyer that Company has provide notice of the delivery of such statement to the IRS in accordance with the provisions of Section 1.1897-2(h)(2) of the Treasury Regulations.

(c) Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Material Adverse Effect and no event shall have occurred or circumstance shall exist that, in combination with any other events or circumstances, could reasonably be expected to have a Material Adverse Effect. For avoidance of doubt, if the Rating Agency shall have reduced the rating of Company below B, a Material Adverse Effect shall be deemed to have occurred.

(d) Attorneys' Fees. Stevens & Lee shall have been paid in full all fees and expenses due or payable to it in connection with the transactions contemplated hereby, including the Plan of Conversion and Stevens & Lee shall have acknowledged the payment of all such fees and expenses by written instrument reasonably acceptable to Buyer and the aggregate amount thereof.

(e) Finders' Fees. Griffin shall have been paid in full all fees and expenses due or payable to it in connection with the transactions contemplated hereby, which fees and expenses shall not exceed the limit set forth in its engagement letter, which has been previously provided to Buyer, and Griffin shall have acknowledged the payment of all such fees and expenses by written instrument reasonably acceptable to Buyer and the aggregate amount thereof.

(f) Termination of Terminated Benefit Plans. Each Terminated Benefit Plan shall have been terminated on or prior to the Closing Date.

Section 5.3 Conditions to Obligations of Company. The obligation of Company to consummate the transactions contemplated hereby shall be subject to the fulfillment at or prior to the Closing of the following additional conditions:

(a) Representations; Performance. The representations and warranties of Buyer contained in this Agreement and in the certificate delivered pursuant hereto shall be true and correct in all material respects at and as of the Closing Date with the same effect as though made at and as of such time (except for representations that are as of a specific date which representations shall be true and correct in all material respects as of such date and without giving effect to any supplement or the Company Disclosure Letter pursuant to Section 4.5). Buyer shall have in all material respects duly performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by Buyer at or prior to the Closing. Buyer shall have delivered to Company a certificate, dated as of the Closing Date, signed by a duly authorized officer of Buyer to the effect set forth above in this Section 5.3(a).

(b) Deposit of the Purchase Price. Buyer shall have satisfied its obligation pursuant to Section 1.2(b).

(c) New Executive Employment Agreements. Buyer shall not have terminated any of the New Executive Employment Agreements except for Cause (as defined therein).

(d) Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Buyer Material Adverse Effect and no event shall have occurred or circumstance shall exist that, in combination with any other events or circumstances, could reasonably be expected to have a Buyer Material Adverse Effect.

ARTICLE 6

Termination

Section 6.1 Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by the written agreement of Buyer and Company;

(b) by either Buyer or Company by notice to the other party, if:

(i) the Closing shall not have been consummated on or before September 30, 2015 (the "End Date"), provided, however, that the right to terminate this Agreement

pursuant to this Section 6.1(b)(i) shall not be available to any party whose breach of any provision of this Agreement results in the failure of the Closing to be consummated by such time; provided, further, that if on the End Date the only conditions to Closing that remain unfulfilled are the conditions set forth in Sections 5.1(b), 5.1(c), 5.1(d) and 5.1(e) and those that are to be satisfied at the Closing, no party shall have the right to terminate this Agreement pursuant to this Section 6.1(b)(i) until December 31, 2015;

(ii) (A) there shall be any Laws that makes consummation of the Closing illegal or otherwise prohibited, (B) any judgment, injunction, order or decree of any Governmental Authority having competent jurisdiction enjoining Buyer or Company from consummating the Closing is entered and such judgment, injunction, order or decree shall have become final and nonappealable, (C) the Commissioner shall have disapproved or otherwise indicated that it will not approve the Conversion or the change of control of Company contemplated hereby; or (D) the New Jersey Department of Banking and Insurance shall have disapproved or otherwise indicated that it will not approve the change of control of ARI Casualty contemplated hereby; or

(iii) subject to any adjournment of the Special Meeting to a date no later than one hundred and twenty (120) days following the date for which the Special Meeting is initially scheduled, the Member Approval shall not be obtained at the Special Meeting.

(c) by Buyer by notice to Company, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Company set forth in this Agreement shall have occurred that would cause the condition set forth in Section 5.2(a) not to be satisfied, and such breach is not cured within earlier of the End Date and 45 days following written notice to Company; provided, however, that Buyer shall not have the right to terminate this Agreement pursuant to this Section 6.1(c) if Buyer is then in material breach or violation of its representations, warranties or covenants contained in this Agreement;

(d) by Company by notice to Buyer, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Buyer set forth in this Agreement shall have occurred that would cause the condition set forth in Section 5.3(a) not to

be satisfied, and such breach is not cured within the earlier of the End Date and 45 days following written notice to Buyer; provided, however, that Company shall not have the right to terminate this Agreement pursuant to this Section 6.1(d) if Company is then in material breach or violation of its representations, warranties or covenants contained in this Agreement;

(e) by Company pursuant to Section 4.7(b) or by Buyer if an Acquisition Proposal from a third party is accepted by Company or consummated, in each case by notice to the other party; or

(f) by Company by notice to Buyer, assuming Member Approval has been obtained and the only conditions to Closing that remain unfulfilled are those contained in Section 5.3(b), and such breach is not cured within five (5) Business Days following written notice to Buyer, and those that are to be satisfied at the Closing.

The party desiring to terminate this Agreement pursuant to this Section 6.1 shall give written notice of such termination to the other party in accordance with Section 9.1, specifying the provision or provisions hereof pursuant to which such termination is effected.

Section 6.2 Effect of Termination. If this Agreement is terminated pursuant to Section 6.1, this Agreement shall become void and of no effect without liability of any party (or any of its directors, officers, employees, stockholders, Affiliates, agents, successors or assigns) to the other party except as provided in this Section 6.2, provided that no such termination (nor any provision of this Agreement) shall relieve any party from liability for any damages for fraud or for breach of any covenant hereunder. The provisions of Sections 4.2(c), 6.3, 8.1, and 8.2, this Section 6.2 and ARTICLE X shall survive any termination hereof pursuant to Section 6.1.

Section 6.3 Termination Fee.

(a) In the event this Agreement is terminated pursuant to Section 6.1(b)(iii) or Section 6.1(e), Buyer may elect by written notice to Company to require Company to pay to Buyer \$500,000 (the "Buyer Termination Fee") by wire transfer of immediately available funds to an account designated by Buyer. In no event shall Company be obligated to pay Buyer the Buyer Termination Fee on more than one occasion.

(b) Company and Buyer acknowledge that the agreements contained in this Section 6.3 are an integral part of the transaction contemplated by this Agreement, and that, without these agreements, Buyer would not enter into this Agreement. The amounts payable by Company constitutes liquidated damages and not a penalty and shall be the sole remedy of Buyer in the event of termination of this Agreement specified in this Section 6.3.

ARTICLE 7

No Survival

Section 7.1 Non-Survival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement, including any rights or causes of action arising out of any breach of such representations and warranties, shall survive the Closing, and all of the same shall be extinguished upon the occurrence of the Closing. Notwithstanding the foregoing, except as set forth in Sections 6.2 and 6.3, no representation, warranty, covenant or agreement made in this Agreement shall survive any termination of this Agreement.

ARTICLE 8

Definitions

Section 8.1 Certain Terms. The following terms have the respective meanings given to them below:

“2014 Audited GAAP Financial Statements” has the meaning set forth in Section 4.10(a).

“Acquired Company(ies)” means Company, ARI Casualty Company and each other Subsidiary of the Company and, following its formation, HoldCo.

“Acquired Company Benefit Plans” means each Benefit Plan sponsored, maintained, contributed to, or required to be contributed to, by the Acquired Companies or any Benefit Plan with respect to which any Acquired Company has, or may have, any obligation or liability, contingent or otherwise.

“Acquired Company Employees” has the meaning set forth in Section 4.4(b).

“Acquired Company Pension Plan” means any qualified retirement plan intended to qualify as a cash or deferred arrangement under Code Section 401(k) that is sponsored or maintained by any Acquired Company and any other pension or retirement plan maintained by any Acquired Company.

“Acquired Company Securities” has the meaning set forth in Section 2.4(b).

“Acquisition Proposal” has the meaning set forth in Section 4.7(a).

“Act” has the meaning set forth in the Recitals.

“Actuarial Analysis” has the meaning set forth in Section 2.6(e).

“Advisory Board” means an advisory board established by HoldCo prior to the Closing consisting of three members of Company’s board of directors prior to giving effect to the Conversion who shall be mutually agreed to by Company and Buyer prior to the Closing Date.

“Advisory Board Term” has the meaning set forth in Section 4.18(b).

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person.

“Agent” has the meaning set forth in Section 2.24(a).

“Aggregate Discount Value” has the meaning set forth in the Plan of Conversion.

“Aggregate Subscription Amount” has the meaning set forth in the Plan of Conversion.

“Agreement” has the meaning set forth in the Preamble.

“ARI Casualty” means ARI Casualty Company, a New Jersey insurance company.

“Assets” has the meaning set forth in Section 2.10(a).

“Actuarial Analyses” has the meaning set forth in Section 2.6(e).

“Balance Sheet Date” means December 31, 2014.

“Benefit Plans” means any employee benefit plan as defined in Section 3(3) of ERISA, including without limitation any employee benefit plan providing for health savings accounts, and each bonus, employment, incentive or deferred compensation, severance, termination, retention, change of control, tuition reimbursement, adoption reimbursement, stock option, stock appreciation, stock purchase, phantom stock or other equity-based, performance or other employee or retiree benefit or compensation plan, program, arrangement, agreement, policy or understanding, whether written or unwritten, or required to be established for employees under Applicable Laws, that provides or may provide benefits or compensation in respect of any current or former employee, director or other service provider of any Acquired Company or under which any current or former employee, director or other service provider is or may become eligible to participate or derive a benefit and that is or has been sponsored, maintained or established by any of the Acquired Companies or any of their Affiliates, to which any Acquired Company contributes or is or has been obligated or required to contribute or has, or may reasonably be expected to have, any obligation or liability, contingent or otherwise.

“Business” means the business and operations of the Acquired Companies as conducted as of the date hereof and at any time between the date hereof and the Closing, including without limitation the soliciting, marketing, sale, underwriting, servicing, administration and issuance of insurance policies with respect to the Lines of Business.

“Business Day” means any day that is not (i) a Saturday, (ii) a Sunday or (iii) any other day on which commercial banks are authorized or required by law to be closed in the City of New York.

“Business Employees” has the meaning set forth in Section 2.16(a).

“Buyer” has the meaning set forth in the Preamble.

“Buyer Material Adverse Effect” means any event or occurrence that, individually or in the aggregate, has, or would reasonably be expected to have, a material adverse change in, or effect on, the assets, financial condition or results of operations of the Buyer, taken as a whole; provided that any such change or effect resulting from any of the following, individually or in the aggregate, shall not be considered when determining whether a Buyer Material Adverse

Effect has occurred: (i) any change in economic conditions generally or capital and financial markets generally, including changes in interest or exchange rates, (ii) any change in the primary industry in which Buyer operates or in which products of Buyer are used or distributed, including increases in energy, electricity, raw material or other operating costs, (iii) any change in Laws (including Insurance Laws), generally accepted actuarial standards, SAP or GAAP, or the enforcement or interpretation thereof, applicable to the primary industry in which Buyer operates, (iv) conditions in jurisdictions in which Buyer operates, including hostilities, acts of war, sabotage, terrorism or military actions, or any escalation or worsening of any of the foregoing, (v) any change resulting from the negotiation, execution, announcement or consummation of the transactions contemplated by, or the performance of obligations under, this Agreement, including any such change relating to the identity of, or facts and circumstances relating to, the Acquired Companies and including any actions by customers, suppliers or personnel, (vi) any actions required to be taken or omitted pursuant to this Agreement or taken with Company's consent, or (vii) the credit, financial strength or other ratings of, or the value of any of the investment assets of, Buyer, in the case of each of clauses (i), (ii), (iii) and (iv) unless the effect on Buyer was materially disproportionately adverse to the effect on the other participants in the primary industry in which Buyer operates.

“Buyer Disclosure Letter” means the letter, dated as of the date hereof, delivered by Buyer to Company prior to the execution of this Agreement and identified as Buyer Disclosure Letter.

“Buyer Termination Fee” has the meaning set forth in Section 6.3(a).

“Cash Contribution Fund” has the meaning set forth in the Plan of Conversion.

“Cause” shall mean a reasonable finding by the Board of the applicable Acquired Company that an Acquired Company Employee has (i) acted with gross negligence, gross misconduct or willful misconduct in connection with the performance of his or her material duties hereunder, (ii) committed a material act of common law fraud against such Acquired Company or its Affiliates, which act has had an adverse impact on the financial affairs of the such Acquired Company or its Affiliates; (iii) been convicted of a felony or misdemeanor

involving moral turpitude; (iv) breached a fiduciary duty owed to such Acquired Company or its Affiliates; (v) not complied in any material respect with any laws, regulations, foreign or domestic, affecting the business of such Acquired Company or its Affiliates, and regulatory counsel advises Buyer in writing that the continued service of such Acquired Company Employee as an employee or officer, as applicable, of such Acquired Company would be reasonably likely to have a material adverse effect on the relationship of such Acquired Company or any of its Affiliates with any Insurance Department or that any state, federal or foreign law requires that such Acquired Company Employee may not serve as an employee or officer, as applicable, of such Acquired Company or any of its Affiliates; (vi) violated an express direction or any rule, regulation or policy established by such Board or of Buyer that is consistent with the terms of this Agreement, if such violation is likely to have a material adverse effect on such Acquired Company or any of its Affiliates; (vii) repeatedly and consistently failed to be present at work during normal business hours except during vacation periods or absences due to temporary illness; (viii) abused alcohol or drugs which interferes with Executive's performance; (ix) breached any noncompetition, nonsolicitation, confidentiality or nondisclosure covenant or agreement of any applicable employment or other agreement with such Acquired Company or any of its Affiliates; or (x) committed a dishonest act of a material nature (including, but not limited to, theft or embezzlement of funds or assets of such Acquired Company or any of its Affiliates).

“Closing” has the meaning set forth in Section 1.2.

“Closing Date” has the meaning set forth in Section 1.2.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commissioner” means the Insurance Commissioner of the Commonwealth of Pennsylvania.

“Common Stock” has the meaning set forth in Section 4.13(a).

“Company Disclosure Letter” means the letter, dated as of the date hereof, delivered by Company to Buyer prior to the execution of this Agreement and identified as the Company Disclosure Letter.

“Company Group” means Company and all of its Subsidiaries.

“Confidentiality Agreement” has the meaning set forth in Section 4.2(c).

“Conversion” has the meaning set forth in the Recitals.

“Converted ARI Charter” has the meaning set forth in the Plan of Conversion.

“Current Executive Employment Agreements” means the employment agreements of Karen S. Fulton, Patrick M. Cusack, David A. Gerth, J. Tucker Ericson and any other Company executives listed in Section 2.9 of the Company Disclosure Letter.

“Damages” means all costs, damages, disbursements or expenses (including, but not limited to interest and reasonable out-of-pocket legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement) not covered by insurance of any Acquired Company or indemnification by a third party (other than insurance of Buyer) that would actually be imposed or otherwise actually incurred or suffered by Buyer or any Acquired Company in the event the Closing occurs, but shall not include remote, speculative, exemplary or punitive damages or damages not probable or reasonably foreseeable as a result of a breach of this Agreement (unless there is a reasonable expectation that such damages will be awarded to a third party).

“Deposit” has the meaning set forth in Section 2.13(g).

“Effective Date” has the meaning set forth in the Plan of Conversion.

“Electing Director” means a Non-Employee Director who elects to sell Common Stock to Buyer pursuant to Sections 4.17(b).

“Electing Member” has the meaning set forth in Section 4.17(a).

“Eligible Members” has the meaning set forth in the Plan of Conversion.

“Employee Bonus Pool Fund” has the meaning set forth in the Plan of Conversion.

“End Date” has the meaning set forth in Section 6.1(b)(i).

“Environmental Laws” means any and all local, state and federal Laws and binding judicial or administrative interpretations thereof pertaining to: (a) the protection of the environment (including air quality, surface water, groundwater, soils, subsurface strata, drinking water, natural resources and biota) or human health and safety; or (b) the presence, use, processing, generation, management, storage, treatment, recycling, disposal, discharge, release, threatened release, investigation or remediation of Hazardous Substances, including, without limitation, the Federal Resource Conservation and Recovery Act, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Federal Clean Water Act, the Federal Clean Air Act, and the Federal Occupational Safety and Health Act and their implementing regulations as well as state analogues, each as may be amended from time to time.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and any rules and regulations thereunder.

“ERISA Affiliate” means, with respect to any Person, any trade or business, whether or not incorporated, which, together with such Person, is treated as a single employer under Section 414 of the Code or Section 4001(a)(3) of ERISA.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

“GAAP” has the meaning set forth in Section 2.6(a).

“GAAP Financial Statements” has the meaning set forth in Section 2.6(a).

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial,

regulatory or administrative functions of or pertaining to government, any court, tribunal or arbitrator and any self-regulatory organization.

“Griffin” has the meaning set forth in Section 2.20.

“Hazardous Substance” means (i) any petroleum or petroleum products, asbestos, urea formaldehyde insulation or polychlorinated biphenyls and (ii) any material or substance regulated as toxic or hazardous under any applicable Environmental Laws. Notwithstanding the preceding sentence, Hazardous Substances shall not include naturally occurring substances to the extent present in the environment as a result of natural processes and not as a result of an anthropogenic spill, release, discharge, leak, emission or disposal.

“HoldCo” has the meaning set forth in the Recitals.

“Indebtedness” means with respect to a Person, without duplication, (i) any indebtedness for borrowed money, (ii) any indebtedness evidenced by any note, bond, debenture or other debt security, (iii) all obligations in respect of letters of credit and bankers’ acceptances issued for the account of such Person, (iv) all obligations arising from deferred compensation arrangements, (v) all deferred rent, (vi) all liabilities for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise (other than trade payables incurred in the ordinary course of business which are not past due), and (vii) all obligations under conditional sale or other title retention agreements relating to property or assets purchased by such Person, in each case of such Person whether incurred, assigned, granted or unsecured, and guarantees and indemnity, surety and other agreements of such Person of any of the foregoing of any other Person. For avoidance of doubt, Indebtedness shall not include capital leases.

“Indemnified Person” has the meaning set forth in Section 4.12(a).

“Insurance Department” means, in any jurisdiction, the Governmental Authority primarily charged with the regulation of the business of insurance in such jurisdiction.

“Insurance Laws” means all applicable statutes, laws, regulations, rules, directives, orders, decrees, injunctions, agency requirements, licenses or permits of any Insurance Department regulating the Business.

“Insurance License” has the meaning set forth in Section 2.14(a).

“Insurance Policies” has the meaning set forth in Section 2.19.

“Insurance Regulatory Agreements and Judgments” has the meaning set forth in Section 2.13(f).

“Intellectual Property Right” has the meaning set forth in Section 2.11(a).

“Intercompany Agreements” has the meaning set forth in Section 4.9.

“IRS” means the Internal Revenue Service.

“Knowledge of Buyer” means the actual knowledge of the General Counsel of Buyer, in each case as of the date of determination.

“Knowledge of Company” means the actual knowledge of Karen S. Fulton, President, Patrick M. Cusack, Senior Vice President, David A. Gerth, Treasurer, and J. Tucker Ericson, Secretary, of Company in each case as of the date of determination.

“Laws” means any domestic federal, state or local statute, law, ordinance, rule, administrative interpretation, regulation, order, writ, injunction, directive, pronouncement, bulletin, judgment, decree, policy, administrative or judicial doctrine, guideline or other requirement or principle of common law applicable to Buyer, the Business or any Acquired Company or any of their respective businesses, properties or assets, as the case may be.

“Lien” means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, lease, encumbrance or other adverse claim of any kind in respect of such property or asset; provided, that such term shall not include any (i) restriction on the change of control of insurance companies under any applicable Insurance Law or transfer restrictions under any applicable state or federal securities laws, (ii) Lien incurred on deposits made to a

Governmental Authority in connection with the issuance of an Insurance License; (iii) Lien granted under securities lending and borrowing agreements, repurchase and reverse repurchase agreements and derivatives entered into in the ordinary course of business, or (iv) clearing and settlement Liens on securities and other investment assets incurred in the ordinary course of clearing and settlement transactions in such securities and other investment assets and holding them with custodians in the ordinary course of business.

“Lines of Business” has the meaning set forth in Section 2.14(b).

“Litigation” means any action, cease and desist letter, demand, suit, arbitration proceeding, administrative or regulatory proceeding, citation, summons or subpoena of any nature, civil, criminal, regulatory or otherwise, in law or in equity, or investigation, examination or audit by any Governmental Entity alleging potential liability, noncompliance with Laws, wrongdoing or misdeed.

“Material Adverse Effect” means any event or occurrence that, individually or in the aggregate, has, or would reasonably be expected to have, a material adverse change in, or effect on, the assets, financial condition or results of operations of the Acquired Companies, taken as a whole; provided that any such change or effect resulting from any of the following, individually or in the aggregate, shall not be considered when determining whether a Material Adverse Effect has occurred: (i) any change in economic conditions generally or capital and financial markets generally, including changes in interest or exchange rates, (ii) any change in the industry in which the Business operates or in which products of the Business are used or distributed, including increases in energy, electricity, raw material or other operating costs, (iii) any change in Laws (including Insurance Laws), generally accepted actuarial standards, SAP or GAAP, or the enforcement or interpretation thereof, applicable to the Business, (iv) conditions in jurisdictions in which the Business operates, including hostilities, acts of war, sabotage, terrorism or military actions, or any escalation or worsening of any of the foregoing, (v) any change resulting from the negotiation, execution, announcement or consummation of the transactions contemplated by, or the performance of obligations under, this Agreement, including any such change relating to the identity of, or facts and circumstances relating to, Buyer and including any actions by customers, suppliers or personnel, (vi) any actions required to be taken or omitted

pursuant to this Agreement or taken with Buyer's consent, or (vii) the credit, financial strength or other ratings of, or the value of any of the investment assets of, the Company, in the case of each of clauses (i), (ii), (iii) and (iv) unless the effect on the Business was materially disproportionately adverse to the effect on the other participants in the industry in which the Business operates.

“Material Contract” has the meaning set forth in Section 2.9(b).

“Maximum of the Valuation Range” has the meaning set forth in the Plan of Conversion.

“Maximum Shares Issuable” has the meaning set forth in the Plan of Conversion.

“Member Approval” means the approval of the Plan of Conversion and the Converted ARI Charter by the Eligible Members of Company at the Special Meeting.

“Member Notices” has the meaning set forth in Section 3.8.

“Membership Rights” has the meaning set forth in Section 1.4.

“Multiemployer Plan” means any Acquired Company Benefit Plan that is a “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA.

“New Benefit Plans” has the meaning set forth in Section 4.4(c).

“New Executive Employment Agreements” means the employment agreements between Buyer and each of Karen S. Fulton, Patrick M. Cusack, David A. Gerth and J. Tucker Ericson dated as of the date hereof to be effective as of the Closing Date.

“New Jersey Approval” means the approval by the New Jersey Department of Banking and Insurance of the acquisition of control of ARI Casualty in accordance with N.J.S.A. 17:27A-2 and filings and notices related thereto.

“Non-Employee Director” has the meaning set forth in the Plan of Conversion.

“OFAC” means the U.S. Department of the Treasury's Office of Foreign Assets Control.

“Offering” has the meaning set forth in the Plan of Conversion.

“Organizational Documents” means the articles of incorporation, certificate of incorporation, charter, by-laws, articles of formation, certificate of formation, regulations, operating agreement, certificate of limited partnership, partnership agreement and all other similar documents, instruments or certificates executed, adopted or filed in connection with the creation, formation or organization of a Person, including any amendments thereto.

“Pennsylvania Approval” means the approval by the Commissioner of the Plan of Conversion in accordance with the Act and the change of control of Company in accordance with 40 P.S. § 991.1402 and filings and notices related thereto.

“Permits” has the meaning set forth in Section 2.13(b).

“Permitted Liens” means (i) statutory liens for current Taxes or other governmental charges with respect to the Company’s owned real property not yet due and payable or due and payable but not delinquent or the amount or validity of which is being contested in good faith by appropriate proceedings and as to which appropriate reserves have been established and are or will be reflected on the books of the Acquired Companies as of the Balance Sheet Date, (ii) mechanics’, carriers’, workers’, repairers’ and similar statutory liens arising or incurred in the ordinary course of business or in connection with construction contracts for amounts that are not delinquent or are being contested in good faith and that would not individually or in the aggregate be materially adverse to the Business, (iii) zoning, entitlement, building codes and other land use regulations, ordinances or legal requirements imposed by any Governmental Authorities having jurisdiction over the Company’s owned real property that do not, and would not reasonably be expected to, materially detract from the value of any of the property, rights or assets of the business of the Acquired Companies or materially interfere with the use thereof as currently used by the Acquired Companies, (iv) all rights relating to the construction and maintenance in connection with any public utility of wires, poles, pipes, conduits and appurtenances thereto, on, under or above the Company’s owned real property, (v) title exceptions disclosed by any title insurance commitment or title insurance policy for any such real property issued by a title company and delivered to Buyer prior to the date hereof and (vi)

statutory Liens in favor of lessors arising in connection with any property leased to the Acquired Companies.

“Person” means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Personal Information” has the meaning set forth in Section 2.25.

“Plan of Conversion” means the Plan of Conversion from Mutual Insurance Company to Stock Form adopted by the Board of Directors of Company on or prior to the date hereof in the form attached hereto as Exhibit A.

“Premium Cap” has the meaning set forth in Section 4.12(b).

“Privacy Laws” has the meaning set forth in Section 2.25.

“Prospectus” has the meaning set forth in the Plan of Conversion.

“Purchase Price” has the meaning set forth in Section 1.1.

“Rating Agency” has the meaning set forth in Section 2.23.

“Registration Statement” has the meaning set forth in the Plan of Conversion.

“Reserving Practices and Policies” means the practices and procedures utilized by Company, utilizing accepted industry practices, in the ordinary course of business in establishing the amount of and methodologies for determining reserves of Company.

“Sanctioned Country” shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at <http://www.treas.gov/offices/enforcement/ofac/sanctions/>, or as otherwise published from time to time;

“Sanctioned Person” shall mean (i) a person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at <http://www.treas.gov/offices/enforcement/ofac/sdn/>, or as otherwise published from time to time,

or (ii) (A) an agency of the government of a Sanctioned Country, (B) an organization controlled by a Sanctioned Country, or (C) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

“SAP” means, with respect to the statutory accounting practices which are prescribed or permitted by the Departments of Insurance in the applicable state of domicile of Company or ARI Casualty, as respectively applied thereby on a consistent basis.

“SAP Financial Statements” has the meaning set forth in Section 2.6(a).

“SEC” has the meaning set forth in Section 4.13(a).

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

“Severance Benefit” has the meaning set forth in Section 4.4(e).

“Severance Period” means the number of weeks on which an Acquired Company Employee’s Severance Benefit is based.

“Shares” has the meaning set forth in the Recitals.

“Special Meeting” has the meaning set forth in the Plan of Conversion.

“Statutory Statements” means, collectively, the annual statements of each of Company and ARI Casualty, as filed with the applicable Insurance Department, together with the actuarial opinions accompanying such financial statements and the quarterly statements of the condition and affairs of each of Company and ARI Casualty, as filed with the applicable Insurance Department.

“Subscription Calculation Schedule” has the meaning set forth in Section 1.3(a).

“Subsequent Period Statutory Statements” means any Statutory Statements filed between the date hereof and the Closing Date.

“Subscription Price” means the “Purchase Price” as defined in the Plan of Conversion.

“Subscription Rights” has the meaning set forth in the Plan of Conversion.

“Subsidiary” means, with respect to any Person, any entity of which securities or other ownership interests (i) having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions or (ii) representing more than fifty percent of such securities or ownership interests are at the time directly or indirectly owned by such Person.

“Superior Acquisition Proposal” has the meaning set forth in Section 4.7(b).

“Tax” means any federal, state, local or foreign income, alternative minimum, accumulated earnings, personal holding company, franchise, capital stock, profits, windfall profits, gross receipts, sales, use, value added, transfer, registration, stamp, premium, excise, customs duties, severance, environmental (including taxes under Section 59A of the Code), real property, personal property, ad valorem, occupancy, license, occupation, employment, payroll, social security, disability, unemployment, workers’ compensation, withholding, estimated or other similar tax, duty, fee, assessment or other governmental charge or deficiencies thereof (including all interest and penalties thereon and additions thereto).

“Taxing Authority” means any federal, state, local or foreign governmental authority, quasi-governmental authority, instrumentality or political or other subdivision, department or branch of any of the foregoing, with the legal authority to impose, assess or collect Taxes.

“Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any amendment thereof, schedule or attachment thereto, required to be filed with any Taxing Authority.

“Terminated Benefit Plans” has the meaning set forth in Section 4.4(a).

“Treasury Regulations” means the regulations prescribed under the Code.

“Underwriting Profit” means Company’s net underwriting income or (loss) for any calendar year determined in a manner consistent with the determination of “Net underwriting gain or (loss)” on line 8 of Company’s Statement of Income included in Company’s Statutory Statement for the year-ended December 31, 2014 (or the equivalent line of the Company’s

Statement of Income included in Company's Statutory Statement for any subsequent calendar year) after excluding any and all premiums, losses, loss adjustment expenses or other deductions and other items included in the calculation of such "Net underwriting gain or (loss)" with respect to any business which is not both produced and managed by Acquired Company Employees.

Section 8.2 Construction. The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The words "party" or "parties" shall refer to parties to this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections and Exhibits are to Articles, Section and Exhibits of this Agreement unless otherwise specified. All Exhibits and Disclosure Letters annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized term used in any Exhibit or Disclosure Letter but not otherwise defined therein shall have the meaning given to such term in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import. "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. Any reference to "days" means calendar days unless Business Days are expressly specified. If any action under this Agreement is required to be done or taken on a day that is not a Business Day, then such action shall be required to be done or taken not on such day but on the first succeeding Business Day thereafter.

ARTICLE 9

Miscellaneous

Section 9.1 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission) and shall be given:

if to Buyer,

AmTrust Financial Services, Inc.
59 Maiden Lane, 43rd Floor
New York, New York 10038
Fax: (212) 220-7130
Telephone: (212) 220-7120
Attention: Stephen Ungar
Email: sungar@amtrustgroup.com

with a copy (which shall not constitute notice) to:

Locke Lord LLP
750 Lexington Avenue
New York, New York 10022
Fax: (212) 308-4844
Telephone: (212) 912-2740
Attention: Geoffrey Etherington

if to Company,

ARI Mutual Insurance Company
125 Pheasant Run
Newtown, Pennsylvania 18940-3428
Fax: (800) 314-7636
Telephone: (609) 323-1080
Attention: Karen Fulton

with a copy (which shall not constitute notice) to:

Stevens & Lee
111 North Sixth Street
Reading, Pennsylvania 19603-0679
Fax: (610) 371-1228
Telephone: (610) 478-2000
Attention: Sunjeet S. Gill

or such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed to have been received on the next succeeding Business Day in the place of receipt.

Section 9.2 Amendment; Waivers, etc. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the party granting such waiver in any other respect or at any other time. Neither the waiver by any of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure by any of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights or privileges hereunder. The rights and remedies herein provided are cumulative and none is exclusive of any other, or of any rights or remedies that any party may otherwise have at law or in equity.

Section 9.3 Expenses; Transfer Taxes.

(a) Except as otherwise provided herein, all costs, fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby, whether or not consummated, shall be paid by the party incurring such cost or expense.

(b) Subject to Section 1.2(b), all transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with the transactions contemplated by this Agreement (including any real property transfer tax and any similar Tax) shall be borne by HoldCo, and HoldCo will, at its own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes

and fees, and, if required by applicable law, Buyer will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

Section 9.4 Governing Laws, etc.

(a) THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS, INCLUDING AS TO VALIDITY, INTERPRETATION AND EFFECT, BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS, TO THE EXTENT SUCH PRINCIPLES OR RULES ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD PERMIT OR REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. Buyer and Company hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in the State, City and County of New York solely in respect of the interpretation and enforcement of the provisions of this Agreement and in respect of the transactions contemplated hereby. Each of Buyer and Company irrevocably agrees that all claims in respect of the interpretation and enforcement of the provisions of this Agreement and in respect of the transactions contemplated hereby, or with respect to any such action or proceeding, shall be heard and determined in such a New York State or federal court, and that such jurisdiction of such courts with respect thereto shall be exclusive, except solely to the extent that all such courts shall lawfully decline to exercise such jurisdiction. Each of Buyer and Company hereby waives, and agrees not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or in respect of any such transaction, that it is not subject to such jurisdiction. Each of Buyer and Company hereby waives, and agrees not to assert, to the maximum extent permitted by law, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or in respect of any such transaction, that such action, suit or proceeding may not be brought or is not maintainable in such courts or that the venue thereof may not be appropriate or that this Agreement may not be enforced in or by such courts. Buyer and Company hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of any such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 9.1 or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

(b) EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 9.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and permitted assigns; provided that this Agreement shall not be assignable or otherwise transferable by any party without the prior written consent of the other party other than by Buyer to a wholly-owned Subsidiary so long as Buyer remains obligated hereunder.

Section 9.6 Entire Agreement. This Agreement and the Confidentiality Agreement constitute the entire agreement and supersede all prior agreements, understandings and representations, both written and oral, between the parties with respect to the subject matter hereof.

Section 9.7 Severability. If any provision, including any phrase, sentence, clause, Section or subsection, of this Agreement is determined by a court of competent jurisdiction to be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering such provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision herein contained invalid, inoperative or unenforceable to any extent whatsoever. Upon any such determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 9.8 Counterparts; Effectiveness; Third Party Beneficiaries. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall together constitute one and the same instrument. This Agreement shall become effective when each party shall have received a counterpart hereof signed by all of the other parties. Until and unless each party has received a counterpart hereof signed by the other party, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue

of any other oral or written agreement or other communication). Except as provided in Sections 4.4(e), 4.4(f), 4.4(g), 4.4(h), 4.4(i), 4.12, 4.14, 4.15, 4.17, 4.18 and 4.19, no provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Person other than the parties and their respective successors and assigns.

Section 9.9 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any court specified in Section 9.4, in addition to any other remedy to which they are entitled at law or in equity. The parties hereby waive, in any action for specific performance, the defense of adequacy of a remedy at law and the posting of any bond or other security in connection therewith.

Section 9.10 Interest. The parties agree that any amount that shall not be paid when due and payable hereunder shall bear interest from the date it shall have been due and payable until it shall be paid at a per annum rate of interest equal to the prime rate of interest reported from time to time in The Wall Street Journal calculated in arrears and based on a 365 day year.

* * * * *

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

ARI MUTUAL INSURANCE COMPANY

By *Karen S. Fulton*
Name: *Karen S. Fulton*
Title: *President & CEO*

AMTRUST FINANCIAL SERVICES, INC.

By _____
Name: _____
Title: _____

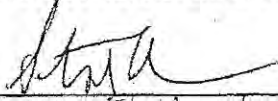
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IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

ARI MUTUAL INSURANCE COMPANY

By _____
Name: _____
Title: _____

AMTRUST FINANCIAL SERVICES, INC.

By  _____
Name: Stephen Ungar
Title: SVP, Secretary and General Counsel