
MEMBERSHIP INTEREST PURCHASE AGREEMENT

BY AND AMONG

HEALTHCARE PROVIDERS INSURANCE EXCHANGE,
a Pennsylvania reciprocal insurance exchange,

WESCOTT HOLDING COMPANY, LLC,
a Pennsylvania limited liability company,

THOMAS S. GAUDIOSI AND MARK ETTER

Dated: March 26, 2014

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MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Agreement") is entered into on this 26th day of March, 2014, by and among Healthcare Providers Insurance Exchange, a Pennsylvania reciprocal insurance exchange ("Buyer"), and Wescott Holding Company, LLC, a Delaware limited liability company ("Wescott"), Thomas S. Gaudiosi, an adult individual ("Gaudiosi") and Mark Etter, an adult individual ("Etter" and together with Wescott and Gaudiosi, collectively, "Sellers"). Sellers and Buyer are sometimes referred to herein as the "Parties" and each, individually, as a "Party". Capitalized terms not otherwise defined shall have the meanings ascribed thereto in Annex A attached hereto.

WITNESSETH:

WHEREAS, Sellers collectively own 100% of the membership interests (the "AHPIS Interests") of American Healthcare Providers Insurance Services Company, LLC, a Delaware limited liability company (the "Company");

WHEREAS, the Company has two wholly-owned subsidiaries, HPIX, LLC, a Delaware limited liability company (the "AIF") and HCP Insurance Services LLC, a Delaware limited liability company ("HCP");

WHEREAS, the AIF has been engaged as the Attorney-in-Fact for Buyer and provides specified services to Buyer under the Management Agreement; and

WHEREAS, Sellers desire to sell and transfer to Buyer, and Buyer desires to purchase from Sellers, all of the AHPIS Interests, which constitute all of the issued and outstanding membership interests of the Company (the "Purchase Transaction").

NOW, THEREFORE, in consideration of the representations, warranties, covenants and obligations contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

Article I THE TRANSACTION

Section 1.1 The Purchase Transaction. Subject to the terms and conditions of this Agreement, at the Closing, Sellers shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase from Sellers, all of Sellers' right, title and interests in and to the AHPIS Interests, free and clear of all Liens and Preemptive Rights.

Section 1.2 Purchase Price. The aggregate consideration for the AHPIS Interests to be paid by Buyer to Sellers consists of (a) \$6,900,000 in cash (the "Cash Consideration"), and (b) \$4,500,000 through the issuance of surplus notes in the forms attached hereto as Exhibit A (the "Surplus Notes" and together with the Cash Consideration, the "Purchase Price"). The Cash Consideration shall be paid among each Seller in an amount equal to its respective percentage set forth on Schedule 1.2(a). The Surplus Notes shall be issued to each Seller in the principal amounts set forth on Schedule 1.2(b).

Section 1.3 Change in Purchase Price Resulting From Cash Shortfall or Cash Surplus.

(a) The Cash Consideration portion of the Purchase Price shall be reduced by the amount of any “**Cash Shortfall**,” which shall be the amount, if any, by which the Company’s Available Cash is less than the dollar amount of the Cash Target, or increased by the amount of any “**Cash Surplus**,” which shall be the amount, if any, by which the Company’s Available Cash is more than the dollar amount of the Cash Target.

(b) Within 15 days following the Closing Date, Buyer shall prepare, or cause to be prepared (i) a balance sheet of the Company as of the Closing Date (the “**Company Closing Date Balance Sheet**”); (ii) a list of 2014 Expenditures (the “**List of Expenditures**”); and (iii) a calculation of Available Cash and the Cash Target based on the Company Closing Date Balance Sheet and List of Expenditures (the “**Shortfall/Surplus Calculation**”). Buyer shall deliver the Closing Date Balance Sheet, List of Expenditures and the Shortfall/Surplus Calculation, together with all relevant supporting documentation, to Sellers within 15 days following the Closing Date. Sellers shall deliver to Buyer a written objection to the Shortfall/Surplus Calculation, if any, specifying the basis for the objection (an “**Objection Notice**”), within 15 days after delivery of the Shortfall/Surplus Calculation to Sellers. If Sellers deliver an Objection Notice within the specified time, authorized representatives of Buyer and Sellers shall promptly negotiate in good faith to resolve such objections. If Buyer and Sellers are unable to reach an agreement with respect to the objections within 15 days after delivery of an Objection Notice, Sellers and Buyer shall within 15 days engage an independent accounting firm of recognized standing, to review the issues remaining in dispute in the Shortfall/Surplus Calculation and resolve the objections. If there is no timely Objection Notice as provided above, the Shortfall/Surplus Calculation shall be the binding and final determination of the Cash Shortfall or the Cash Surplus. If there is a timely Objection Notice, the Shortfall/Surplus Calculation as revised, if applicable, by the agreement of Buyer and Sellers or by the independent accounting firm selected above shall be the binding and final determination of the Cash Shortfall or the Cash Surplus, as applicable. The cost and expenses of such accounting firm shall be borne by Buyer, on the one hand, and Sellers, on the other, based on the percentage which the portion of the contested amount not awarded to Buyer on the one hand, and to Sellers, on the other, bears to the amount actually contested by such Parties. The accounting firm shall determine the allocation of costs based on the foregoing sentence and bill the Parties for its fees and expenses accordingly.

(c) Once the Shortfall/Surplus Calculation has been finally determined as provided in Section 1.3(b) above, (i) if there is a Cash Shortfall, the Purchase Price shall be reduced by the amount of the Cash Shortfall and Sellers shall within 5 days of determination of the Shortfall/Surplus Calculation cause to be paid in cash to Buyer the amount of the Cash Shortfall with each Seller paying an amount equal to its respective percentage set forth on Schedule 1.2(a) and (ii) if there is a Cash Surplus, the Purchase Price shall be increased by the amount of the Cash Surplus and Buyer shall within 5 days of determination of the Shortfall/Surplus Calculation cause to be paid in cash to Sellers the amount of the Cash Surplus with each Seller receiving an amount equal to its respective percentage set forth on Schedule 1.2(a).

Section 1.4 Estimated Balance Sheet. No later than 5 days prior to the Closing Date, Sellers shall cause the Company to deliver to Buyer (a) an estimated balance sheet of the Company as of the Closing Date (the "**Estimated Balance Sheet**"), (b) an estimated list of 2014 Expenditures (the "**Estimated List of Expenditures**"), and (c) a calculation of Available Cash and the Cash Target based on the Estimated Balance Sheet and Estimated List of Expenditures (the "**Estimated Shortfall/Surplus Calculation**"). Sellers shall cause the Company to deliver the Estimated Balance Sheet, the Estimated List of Expenditures and the Estimated Shortfall/Surplus Calculation, together with all relevant supporting documentation, to Buyer no later than 5 days prior to the Closing Date.

Section 1.5 Actions by the Parties.

(a) Whenever any action, consent or approval under this Agreement is required or permissible by Sellers, including, without limitation, delivery of notice, such action, consent or approval shall be deemed to have been taken or given on behalf of, and such consent shall be binding upon, Sellers if and only if such action, consent or approval is given in writing by the Majority Sellers. Any waiver of any right under this Agreement may be granted on behalf of all Sellers by the Majority Sellers. No Seller shall have any right by virtue of any provisions of this Agreement to file or otherwise institute any suit, action or proceeding in equity or at law upon or under or with respect to this Agreement or any of the other Transaction Documents (other than any Surplus Note issued in the name of such Seller), unless approved by the Majority Sellers.

(b) Whenever any action, consent or approval under this Agreement is required or permissible by Buyer, including, without limitation, delivery of notice or exercising any rights hereunder, such action, consent or approval shall be deemed to have been taken or given on behalf of, and such action, consent or approval shall be binding upon, Buyer if and only if such action, consent or approval is approved in writing by (i) a majority vote of the MAC, (ii) if the MAC is dissolved or replaced, the then governing body of Buyer (such governing body hereafter referred to as "**Buyer's Board**") or (iii) if a board of managers of the Company is duly constituted and duly authorized by the MAC or Buyer's Board (the "**Company's Board**"), at least a two-thirds (2/3) vote of the disinterested members of the Company's Board, including at least two-thirds (2/3) of the members of the Company's Board who are then current subscribers of insurance from Buyer ("**Board Subscribers**"). Any waiver of any right under this Agreement may be granted on behalf of Buyer only if such waiver is approved in writing by (x) at least a two-thirds (2/3) vote of the MAC, (y) Buyer's Board or (z) at least a two-thirds (2/3) vote of the members of the Company's Board, including at least two-thirds (2/3) of Board Subscribers.

Article II
REPRESENTATIONS AND WARRANTIES OF SELLERS

As a material inducement to Buyer to enter into this Agreement and to consummate the Purchase Transaction, Sellers hereby represent and warrant to Buyer as of the date of this Agreement, as well as of the Closing Date, as follows, subject to the exceptions set forth in the Disclosure Schedules referenced in the following representations and warranties:

Section 2.1 Organization and Standing.

(a) Each of the Company, the AIF and HCP (collectively, the “**American Entities**”) is a limited liability company duly organized, in good standing and having a legal existence under the laws of the state of its formation and has all the requisite power and authority to own, lease and operate its properties and to carry on its Business as now conducted. Each of the American Entities is organized and qualified to do business in the jurisdictions set forth on Schedule 2.1(a). Each of the American Entities is duly qualified to do business and is in good standing to conduct business in each jurisdiction in which it is conducting business, or the operation, ownership or leasing of its properties, makes such qualification necessary, other than in such jurisdictions where the failure to be so qualified would not be reasonably expected to have a Material Adverse Effect on any of the American Entities.

(b) None of the American Entities are in default in the performance, observance or fulfillment of any provision of their Organizational Documents.

(c) Neither the Company (other than its ownership of the AIF and HCP), the AIF (other than its Attorney-in-Fact relationship with Buyer’s subscribers and the Management Agreement) nor HCP, (i) owns, directly or indirectly, any capital stock or other equity, securities or interests in any other corporation or in any limited liability company, partnership, joint venture or other Person, or (ii) otherwise possess, directly or indirectly, the power to direct or cause the direction of the management or policies of any Person.

(d) Schedule 2.1(d) accurately describes any legal entities that have been dissolved, discontinued, sold, transferred or otherwise disposed of by any of the American Entities in the five years immediately preceding the date of this Agreement.

(e) Buyer has all the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Buyer is organized as a reciprocal insurance exchange under the laws of Pennsylvania and licensed to do business as an insurance exchange in the jurisdictions set forth on Schedule 2.1(e). Except as set forth on Schedule 2.1(e), Buyer is duly licensed to do business in each jurisdiction in which it is conducting business or the operation, ownership or leasing of its properties, makes such licensure necessary, other than in such jurisdictions where the failure to be so licensed would not be reasonably expected to have a Material Adverse Effect on Buyer. Buyer is not in default in the performance, observance or fulfillment of any provision of its Organizational Documents.

Section 2.2 Capitalization.

(a) Schedule 2.2(a) sets forth (i) the authorized membership interests of the Company (“**Company Membership Interests**”) and (ii) the record holders of all of the outstanding Company Membership Interests, constituting all of the AHPIS Interests. Each Seller is the sole record and beneficial owner of the AHPIS Interests listed next to such Seller’s name on Schedule 2.2(a) and such Seller owns such AHPIS Interests free and clear of all Liens and Preemptive Rights (except as set forth in the Company’s Organizational Documents). All of the AHPIS Interests are duly authorized, validly issued, fully paid and non-assessable and are not subject to, and have not been issued in violation of, any preemptive or other similar rights. None

of the AHPIS Interests were issued in violation of any applicable federal or state securities Laws or any other applicable Law.

(b) The Company is the sole record and beneficial owner of all of the authorized and outstanding membership interests of the AIF and HCP (the “**Subsidiary Membership Interests**”) and the Company owns such Subsidiary Membership Interests free and clear of all Liens and Preemptive Rights. All of the outstanding Subsidiary Membership Interests are duly authorized, validly issued, fully paid and non-assessable and are not subject to, and have not been issued in violation of, any preemptive or other similar rights. None of the issued and outstanding Subsidiary Membership Interests were issued in violation of any applicable federal or state securities Laws or any other applicable Law.

(c) Except as set forth on Schedule 2.2(c), or as set forth in the Company’s Organizational Documents, (i) there are no outstanding agreements, subscriptions, commitments, options, warrants, calls or other rights to acquire from the Company, the AIF or HCP, or other obligations or understandings or arrangements of Sellers, the Company, the AIF or HCP to issue, at any time, or upon the occurrence of any event, to any Person, any interest in any Company Membership Interests, any Subsidiary Membership Interests or any other security of or rights in the Company, the AIF or HCP, whether or not presently issued or outstanding; (ii) there exists no rights of first refusal or any other preemptive right in any agreement, in each case with respect to any Company Membership Interests, any Subsidiary Membership Interests or any other security of or interest in the Company, the AIF or HCP and (iii) there are no outstanding or authorized stock appreciation, phantom stock, equity plans or similar rights with respect to the Company, the AIF or HCP ((i), (ii) and (iii) collectively, “**Preemptive Rights**”). Except as set forth in the Company’s Organizational Documents, none of the American Entities are subject to any obligation (contingent or otherwise) to repurchase or otherwise retire or acquire any Company Membership Interests, any Subsidiary Membership Interests or any other security of or interest in the Company, the AIF or HCP. At the time of consummation of the Purchase Transaction, Buyer will have good and valid title to all of the AHPIS Interests, free and clear of all Liens and Preemptive Rights.

(d) There are no (i) except as set forth in the Company’s Organizational Documents, voting trusts, proxies or other agreements or understandings with respect to the voting of any AHPIS Interests, any Subsidiary Membership Interests or any other security of or rights in the Company, the AIF or HCP; (ii) bonds, debentures, notes, debt instruments or other indebtedness of the Company, the AIF or HCP having the right to vote (or convertible into, or exchangeable for securities having the right to vote) on any matters on which the members or other equity holders of the Company, the AIF or HCP may vote; (iii) securities or obligations exercisable or exchangeable for, or convertible into, any equity interests of the Company, the AIF or HCP; or (iv) agreements, commitments or understandings of any nature whatsoever, fixed or contingent, that directly or indirectly obligates any Seller to grant, offer or enter into any of the foregoing.

Section 2.3 Authority; Enforceability. Each Seller has the full right, power and authority to execute and deliver this Agreement and each Transaction Document to which such Seller will be a party, and to consummate the transactions contemplated hereby and thereby. This Agreement has been, and each Transaction Document to which each Seller will be a party

will be, duly executed by each Seller and constitutes, and will constitute, respectively, the valid, legal and binding obligation of Sellers, enforceable against each Seller in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, moratorium, insolvency or other similar laws affecting the rights of creditors generally and by general equitable principles (whether enforcement is sought by proceedings in equity or in law).

Section 2.4 No Violation. The execution, delivery and performance of this Agreement and the Transaction Documents to which each Seller is or will be a party and the consummation of the transactions by Sellers contemplated hereby and thereby do not and will not (a) violate or conflict with any provision of the Organizational Documents of Wescott or of the Company, (b) violate, conflict with or result in a breach of the terms or conditions or provisions of, or constitute a default (or an event which might, with the passage of time or the giving of notice or both, constitute a default) under or result in or give rise to a right of termination, modification, acceleration or cancellation of any obligation under any Contract, or any other agreement or obligation to which any American Entity, Buyer or any Seller is a party or by which any American Entities' or Buyer's assets are bound or affected, (c) result in any violation of any Laws applicable to any American Entity, Buyer or any Seller, or (d) result in the creation or imposition of a Lien on any of the American Entities' or Buyer's assets or any of the AHPIS Interests.

Section 2.5 Consents. Except as disclosed on Schedule 2.5, no consent, waiver, approval, Order or authorization of, or registration, declaration or filing with, or notice to, any Governmental Agency or any other Person is required by or with respect to any of the American Entities or any Seller in connection with the execution and delivery of this Agreement or the Transaction Documents to which any American Entity or any Seller will be a party or consummation of the transactions contemplated hereby or thereby.

Section 2.6 Financial Statements.

(a) Attached hereto as Schedule 2.6(a) are copies of (i) the audited balance sheets of the Company at December 31, 2010, 2011 and 2012 and the related statements of income, and cash flows and members' equity for the years then ended (collectively, the "**Annual Financial Statements**") and (ii) the unaudited balance sheet of the Company (the "**Balance Sheet**") and the related unaudited statement of income, and cash flow and members' equity as of and for the period ended December 31, 2013 (the "**Interim Financials**" and, together with the Annual Financial Statements, the "**Financial Statements**"). Except as set forth on Schedule 2.6(a) or in the notes to the Financial Statements, the Financial Statements (A) have been prepared on a modified cash basis as described in the Financial Statements, consistently applied throughout the periods covered thereby and are complete (except that the Interim Financials may not contain all footnotes required by modified cash basis accounting and normal recurring year-end adjustments), (B) fairly present, in all material respects, the financial condition and results of operations of the Company as of the respective dates thereof and for the respective periods covered thereby, (C) do not materially differ from the financial records maintained and the accounting methods applied by the Company for tax purposes, and (D) have been prepared from, and are consistent with, the books and records of the Company.

(b) The Company has in place systems and processes that are designed to provide reasonable assurances regarding the reliability of the Financial Statements. To Sellers' Knowledge, there have been no instances of fraud, whether or not material, which occurred during any period covered by the Financial Statements.

(c) Attached hereto as Schedule 2.6(c) are copies of the following statutory statements of Buyer, in each case together with the exhibits, schedules and notes thereto and any affirmations and certifications filed therewith (collectively, the "Statutory Statements"): (i) the audited annual statutory financial statements (each, an "Annual Statutory Statement") as of December 31 for each of the years ended 2008 through 2013, in each case as filed or to be filed with the Pennsylvania Department of Insurance ("Pennsylvania Department") and (ii) the unaudited quarterly statutory financial statement (the "Quarterly Statutory Statement") for the quarterly period ended September 30, 2013, as filed with the Pennsylvania Department.

(d) Except as set forth in Schedule 2.6(d), (i) the Statutory Statements were prepared in all material respects in accordance with SAP; provided, that, except as disclosed in the Statutory Statements or on Schedule 2.6(d), such preparation shall not have involved the use of any material accounting practices permitted, rather than prescribed, by the Pennsylvania Department; (ii) the Statutory Statements present fairly in all material respects the statutory financial position of Buyer at the respective date thereof and the statutory results of operations, capital and surplus and cash flows of Buyer for the respective periods then ended; (iii) the Statutory Statements complied in all material respects with all applicable Laws when filed; (iv) the Statutory Statements were filed with or submitted to the Pennsylvania Department, in a timely manner on forms prescribed or permitted by the Pennsylvania Department; and (v) no material deficiency has been asserted in writing, or to the Sellers' Knowledge verbally, by the Pennsylvania Department with respect to any of the Statutory Statements that have not been cured or remedied to the satisfaction of the Pennsylvania Department.

(e) There were no payments of expenses of any of the American Entities deferred to 2014 that typically would have been paid in 2013 in the ordinary course of business based upon historical practices.

Section 2.7 Reserves. The aggregate reserves of Buyer as recorded in Buyer's Statutory Statements have been determined in all material respects in accordance with generally accepted actuarial and reserving practices and policies and, where applicable, statutory accounting principles and NAIC procedures consistently applied. The insurance reserving practices and policies of Buyer have not changed, in any material respect, since December 31, 2012, and the results of the application of such practices and policies are reflected in all material respects in Buyer's Statutory Statements. Buyer has not intentionally or willfully misstated, underestimated or overestimated in any Statutory Statement any liabilities in respect of insurance losses or loss adjustment expenses of Buyer. Nothing in this Section 2.7 shall constitute a guaranty, warranty or other representation that the gross or net reserves of Buyer are sufficient to cover future adverse loss or loss adjustment expense development of Buyer.

Section 2.8 Absence of Undisclosed Liabilities. Except as disclosed on Schedule 2.8 or set forth on the Balance Sheet, or in the Quarterly Statutory Statement or Annual Statutory Statement (including the notes thereto), to the Sellers' Knowledge, there are no

liabilities or obligations of any nature (whether direct or indirect, matured or unmatured, liquidated or unliquidated, absolute, accrued, contingent or otherwise) of any of the American Entities or Buyer that would be required to be accrued for or otherwise reflected on a balance sheet, if such balance sheet were included in financial statements prepared in accordance with modified cash principals as consistently applied with respect to the American Entities or SAP with respect to the Buyer, except for liabilities or obligations that were incurred in the ordinary course of business consistent with past practices since January 1, 2013 (none of which results from, arises out of, relates to, is in the nature of, or was caused by any breach of contract, breach of warranty, tort, infringement, or violation of applicable Law). None of the American Entities or Buyer have guaranteed nor is otherwise primarily or secondarily liable in respect of any obligation or liability of any other Person.

Section 2.9 Contracts.

(a) For purposes of this Agreement, "**Contract**" shall mean any contract, agreement, mortgage, indenture, debenture, note, loan, bond, lease, sublease, license, franchise, obligation, instrument, promise, understanding or other binding commitment, arrangement or undertaking of any kind whether oral or written, and whether express or implied, to which a Person is a party or by which any property or assets owned or used by such Person may be bound or affected.

(b) For purposes of this Agreement, "**Material Contract**" shall mean any Contract of any American Entity or Buyer that constitutes or contains any of the following:

(i) any Contract that, as of December 31, 2013, resulted in annualized gross revenues of at least \$25,000, excluding insurance policies issued by Buyer in the ordinary course of business consistent with past practices;

(ii) any Contract for the sale of goods or services involving total annual revenues in excess of \$25,000, excluding insurance policies issued by Buyer in the ordinary course of business consistent with past practices;

(iii) any Contract that contains a covenant restricting the ability of any Person (or which, at the time of the consummation of the Purchase Transaction, would reasonably be expected to restrict the ability of Buyer or any of its subsidiaries or Affiliates) in any material respect to compete with any other Person or engage in any business or activity in any geographic area or pursuant to which any benefit is required to be given or lost as a result of such competing or engaging;

(iv) any Real Property Lease with annual payments in excess of \$5,000 per year;

(v) any loan, guarantee or similar agreement relating to the borrowing of money from, or extension of credit to, any other Person in excess of \$25,000;

(vi) any Contract not fully performed for the purchase of any commodity, material, services, intellectual property, equipment or fixed assets, for a price in excess of \$25,000 in the aggregate over a twelve-month period;

(vii) any Contract for the purchase of any commodity, material, services, intellectual property, equipment or fixed assets that would result in annual expenditures of in excess of \$25,000 and that is not terminable without penalty on not more than 90 days' notice;

(viii) any lease for Personal Property involving annual payments in excess of \$25,000 per year;

(ix) any Contract that commits the payment of any fees, bonuses or other amount upon or following any threatened or actual change of control or change in the nature of the business; or

(x) any Contract with an employee, labor union or sales agent.

(c) Except as set forth in Schedule 2.9(c):

(i) each Material Contract of the Company, Buyer, the AIF and HCP is the valid, legal and binding obligation of such Person, in full force and effect and, to Sellers' Knowledge, enforceable against the other parties thereto, in accordance with its respective terms, except as such enforceability may be limited by applicable bankruptcy, moratorium, insolvency or other similar laws affecting the rights of creditors generally and by general equitable principles (whether enforcement is sought by proceedings in equity or in law);

(ii) neither of the Company, Buyer, the AIF nor HCP is in material breach or default under any Material Contract of such Person, and, to Sellers' Knowledge, no other party is in material breach or default thereunder;

(iii) neither Sellers nor the Company has received any written notice, or, to Sellers' Knowledge, oral notice, of any event or condition that with the passage of time, would constitute a default under any Material Contract by the Company, Buyer, the AIF or HCP; and

(iv) neither Sellers nor the Company has received any written notice, or, to Sellers' Knowledge, oral notice, or advice of termination, modification, acceleration, cancellation, nonrenewal or material adverse price adjustment of any Material Contract, excluding insurance policies issued by Buyer in the ordinary course of business consistent with past practices.

(d) Schedule 2.9(d) contains a complete and correct list of all Material Contracts of the Company, Buyer, the AIF and HCP. Sellers have made available to Buyer and its legal counsel complete and correct copies of each written Material Contract.

Section 2.10 Real Estate. None of the American Entities or Buyer own any real property. Schedule 2.10 sets forth a true and correct list of all leases, subleases or other agreements, oral or written (collectively, "**Real Property Leases**"), under which any American Entity or Buyer uses or occupies or has the right to use or occupy any real property (the "**Leased Real Property**"). Neither Sellers, Buyer nor any American Entity has received written notice from any insurance carrier or landlord for any Leased Real Property that Sellers, Buyer or any

American Entity needs to undertake any material repairs, alterations or construction or to take any other corrective action with respect to any Leased Real Property. To the extent due and payable, all base rent, additional rent and all other charges and amounts payable by any of the American Entities under the Real Property Leases have been paid to date. To Sellers' Knowledge, except for reasonable wear and tear, all improvements, buildings and systems, including, without limitation, the electrical, plumbing, heating, ventilation, air conditioning, roofing and other utility systems on the Leased Real Property, in all material respects, are in working order and operating condition and are adequate for operation of the Business at the current operating levels. To Sellers' Knowledge, there are no material structural defects in the improvements on the Leased Real Property, nor are there any material repairs that are reasonably necessary to be undertaken in order to operate the Business on the Leased Real Property in a lawful, safe and efficient manner. To Sellers' Knowledge, there are no condemnation or rezoning hearings or proceedings pending before any Governmental Agency, or proposed or contemplated by any Governmental Agency with respect to the Leased Real Property. Each of Buyer and the American Entities are in actual, exclusive possession of the Leased Real Property (other than any common areas thereon). Sellers have made available to Buyer and its legal counsel a complete and correct copy of each Real Property Lease, and all amendments, supplements or modifications thereto.

Section 2.11 Personal Property. Set forth on Schedule 2.11 is a list of all material tangible personal property that is owned by Buyer or any American Entity (the "**Personal Property**"), and indicates legal ownership of each item of Personal Property. Except as set forth in Schedule 2.11, the Company or other American Entity has good and marketable title to all the Personal Property free and clear of all Liens. All the Personal Property is in working condition and repair, normal wear and tear excepted, for the performance and operation of the Business, at the current operating levels.

Section 2.12 Intellectual Property.

(a) For purposes of this Agreement, "**Intellectual Property**" shall mean (i) trademarks, service marks, brand names, certification marks, d/b/a's, domain names, logos, symbols, trade dress, assumed names, fictitious names, trade names, and other indicia of origin, all applications and registrations for the foregoing, and all goodwill associated therewith and symbolized thereby, including all renewals of same; (ii) inventions and discoveries, whether patentable or not, and all patents, registrations, invention disclosures and applications therefor, including divisions, continuations, continuations-in-part and renewal applications, and including renewals, extensions and reissues; (iii) trade secrets, confidential information and know-how, including processes, schematics, business methods, formulae, drawings, prototypes, models, designs, customer lists and supplier lists; (iv) published and unpublished works of authorship, whether copyrightable or not (including, without limitation, databases and other compilations of information), including mask rights and computer software (including firmware and middleware), copyrights therein and thereto, registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; and (v) any other intellectual property or proprietary rights.

(b) Except as set forth on Schedule 2.12, neither the American Entities nor Buyer own any registered Intellectual Property. Except for "shrink-wrapped" and similar

software licenses and applications that are generally available to the public, neither the American Entities nor Buyer license any registered Intellectual Property from a third Person material to the conduct of the Business.

(c) (i) Buyer and the American Entities own or possess adequate rights to use Intellectual Property used or held for use by each of them, (ii) the conduct of the business of Buyer and each American Entity as now being conducted, and the use of Buyer's and each American Entity's Intellectual Property by each of them, to Sellers' Knowledge, does not conflict with any Intellectual Property of others, (iii) no Person other than Buyer or an American Entity owns or has any direct or indirect proprietary or financial interest in their respective Intellectual Property, (iv) there is no material contractual restriction affecting the use of Buyer's and each American Entity's Intellectual Property, (v) the Intellectual Property owned by Buyer and each American Entity that is registered is valid and in full force and effect, and none of the Intellectual Property owned by Buyer and each American Entity is subject to any pending proceeding challenging its extent or validity, (vi) to Sellers' Knowledge, none of the trade secrets, confidential know-how or other confidential or proprietary information of Buyer or any American Entity has been disclosed to any Person unless such disclosure was necessary and made pursuant to an appropriate confidentiality agreement, was made in the ordinary course of business or was made pursuant to a subpoena or similar legal process, and (vii) Sellers are not aware of any present infringement or misappropriation of any of Buyer's or any American Entity's Intellectual Property by any Person, and neither Buyer nor any American Entity has asserted or threatened any claim or objection against any Person for any such infringement or misappropriation, except for the foregoing clauses (i) through (vii) for events or circumstances which would not have a Material Adverse Effect.

Section 2.13 Environmental Matters. To the Knowledge of Sellers, any real property that any of the American Entities or Buyer owns, leases or otherwise occupies or uses have been and are in material compliance with all applicable Environmental Laws (as defined below) and Orders of any Governmental Agency having jurisdiction under such Environmental Laws, including, without limitation, any Environmental Laws or Orders with respect to any cleanup or remediation of any release or threat of release of Hazardous Substances, except in such instances where the failure to comply would not have a Material Adverse Effect on any of the American Entities or Buyer. Neither Sellers, Buyer nor any American Entity has received any written or, to Sellers' Knowledge, oral, citation, directive, letter or other communication, or any notice of any Proceeding, from any Person arising out of the ownership or occupation of any property or facility ever owned, leased or occupied by any of the American Entities or Buyer, or the conduct of their operations, arising from, related to or in connection with any Environmental Laws. For the purposes of this Agreement, the term "**Environmental Laws**" shall mean any Law pertaining to the protection of human health or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sections 9601, et seq., the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Sections 11001, et seq., and the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq. For purposes of this Agreement, the term "**Hazardous Substances**" shall include oil and petroleum products, asbestos, polychlorinated biphenyls, urea formaldehyde and any other materials classified as hazardous or toxic under any Environmental Laws.

Section 2.14 Tax Matters.

(a) The Company is and has been at all times since its formation treated for federal, state and local income tax purposes as a disregarded entity or a partnership as defined in Treasury Regulations Section 301.7701-3(b) and has not filed an election to be treated as a corporation. Each of the AIF and HCP is and has been at all times since its formation disregarded as an entity separate from the Company for federal, state and local income tax purposes.

(b) Each American Entity has properly filed on a timely basis all income, franchise and other material Tax Returns that it was required to file under applicable Laws, and all such Tax Returns were correct and complete in all material respects. Each American Entity has properly paid on a timely basis all Taxes, whether or not shown on any of its Tax Returns, that were due and owing and there are no liabilities for any Taxes due and payable in connection with such Tax Returns. All material Taxes that the American Entities are or were required by Law to withhold or collect have been withheld or collected and, to the extent required, have been properly paid on a timely basis to the appropriate Governmental Agency. Each American Entity has complied, in all material respects, with all information reporting and back-up withholding requirements including maintenance of the required records with respect thereto, in connection with amounts paid to any employee, independent contractor, creditor, shareholder or other third party.

(c) To Sellers' Knowledge, Buyer has properly filed on a timely basis all income, franchise and other material Tax Returns that it was required to file under applicable Laws, and all such Tax Returns were correct and complete in all material respects. To Sellers' Knowledge, Buyer has properly paid on a timely basis all Taxes, whether or not shown on any of its Tax Returns, that were due and owing and there are no liabilities for any Taxes due and payable in connection with such Tax Returns. To Sellers' Knowledge, all material Taxes that Buyer is or was required by Law to withhold or collect have been withheld or collected and, to the extent required, have been properly paid on a timely basis to the appropriate Governmental Agency. To Sellers' Knowledge, Buyer has complied, in all material respects, with all information reporting and back-up withholding requirements including maintenance of the required records with respect thereto, in connection with amounts paid to any employee, independent contractor, creditor, shareholder or other third party.

(d) Except for Taxes incurred in the ordinary course of business consistent with past practices, neither the American Entities nor, to Sellers' Knowledge, Buyer has any material liability for unpaid Taxes accruing after December 31, 2012.

(e) Neither Buyer nor any of the American Entities has ever been a member of any group of corporations with which it has filed (or been required to file) consolidated, combined, or unitary Tax Returns. None of the American Entities has actual or potential liability under Treasury Regulations Section 1.1502-6 (or any comparable or similar provision of state, local or foreign Law), as a transferee or successor, pursuant to any contractual obligation or otherwise for any Taxes of any Person (including, without limitation, any affiliated, combined, or unitary group of corporations or other entities that included Seller during a prior Taxable period), which transferee or successor status, contract or event arose or was entered into prior to

the Closing Date. None of the American Entities is a party to, bound by, or obligated under any Tax allocation, Tax sharing, Tax indemnity or similar agreement.

(f) Sellers have made available to Buyer and its legal counsel complete and correct copies of all federal and state income, franchise and other material Tax Returns of the American Entities for Taxable periods beginning on or after January 1, 2009. Sellers have made available to Buyer or its legal counsel true and complete copies of any examination reports received by the American Entities, and statements of deficiencies assessed against or agreed to by any American Entity, since January 1, 2009.

(g) Except as set forth on Schedule 2.14(g), since January 1, 2009, no Tax Return of any of the American Entities or Buyer has ever been audited by any Governmental Agency. There is no Proceeding, claim or assessment pending for which any of the Sellers, the American Entities or Buyer has received written notification from a Governmental Agency or, to the Knowledge of Sellers, threatened against the American Entities or Buyer for any alleged deficiency in Taxes. None of the American Entities or Buyer has received notice, in writing, of any claim by a Governmental Agency in a jurisdiction where the American Entity or Buyer does not file Tax Returns that it is or may be subject to taxation by that Governmental Agency.

(h) None of the American Entities or Buyer has (i) waived any statute of limitations with respect to Taxes or agreed to extend the period for assessment or collection of any Taxes, (ii) requested any extension of time within which to file any Tax Return, which Tax Return has not yet been filed, or (iii) executed or filed any power of attorney relating to Taxes with any Governmental Agency.

(i) None of the American Entities or Buyer is a party to any Tax litigation or has engaged in any transaction that is a "listed transaction" or "reportable transaction" within the meaning of Section 6707A of the Code or Section 1.6011-4(b) of the Treasury Regulations (or any predecessor provisions).

(j) There are no Liens with respect to Taxes upon any of the assets or properties of any of the American Entities, or, to Seller's Knowledge, Buyer other than with respect to Taxes not yet due and payable.

(k) None of the assets of the American Entities (i) is property that is required to be treated as being owned by any other Person pursuant to the provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the Tax Reform Act of 1986, (ii) is "tax-exempt use property" within the meaning of Section 168(h) of the Code, (iii) is "tax-exempt bond financed property" within the meaning of Section 168(g) of the Code, or (iv) directly or indirectly secures any debt the interest on which is tax exempt under Section 103(a) of the Code.

(l) None of the American Entities will be required to include any item of income in, or exclude any item of deduction from, taxable income for any period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting by any of the American Entities for a Taxable period ending on or prior to the Closing Date; (ii) any agreement entered into with any Governmental Agency or "closing agreement" as described in

Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign Tax Law) executed by any of the American Entities on or prior to the Closing Date; (iii) installment sale or open transaction disposition made by any of the American Entities on or prior to the Closing Date; (iv) prepaid amount received by the American Entities on or prior to the Closing Date; or (v) income from the discharge of indebtedness that was deferred pursuant to the provisions of Section 108(i) of the Code prior to Closing.

(m) No amount will be required to be withheld under Section 1445 of the Code in connection with any of the transactions contemplated by this Agreement.

(n) None of the American Entities owns an interest in a Person, and is not a party to any other agreement or arrangement, that is characterized as a partnership for United States federal income Tax purposes.

(o) None of the American Entities or Buyer is subject to any private letter ruling of the Internal Revenue Service ("IRS") or comparable rulings of any other taxing authorities, and no request for any such ruling is pending.

Section 2.15 Compliance with Laws. The American Entities and Buyer are in compliance with all Laws applicable to each of them or the Business, except where such failure to comply would not have a Material Adverse Effect on any of the American Entities or Buyer. To Sellers' Knowledge, neither Buyer nor any of the American Entities is under investigation by any Governmental Agency with respect to, has been threatened by any Governmental Agency to be charged with or given notice of any violation of, any applicable Law, except as would not have a Material Adverse Effect on any of the American Entities or Buyer.

Section 2.16 Legal Matters.

(a) Except as disclosed on Schedule 2.16, except for claims in the ordinary course of business under insurance policies issued by Buyer, since January 1, 2011, there has not been any Proceeding and there is no Proceeding pending, or, to Sellers' Knowledge, threatened, against, affecting or involving any of the American Entities, Buyer, the Business or any of the AHPIS Interests.

(b) Each of Sellers (solely in relation to the assets, properties or businesses of Buyer or any of the American Entities, or the transactions contemplated by this Agreement), Buyer and each of the American Entities is in compliance in all material respects with all of the terms and requirements of each Order to which it, or any of the properties or assets owned or used by it, is or has been subject. Neither Sellers (solely in relation to assets, properties or businesses or Buyer or any of the American Entities, or the transactions contemplated by this Agreement), Buyer nor the American Entities has received any written notice or other communication from any Governmental Agency or any other Person regarding any actual, alleged, possible or potential material violation of, or failure to comply with, any term or requirement of any Order to which any Seller (solely in relation to the assets, properties or businesses of Buyer or any of the American Entities, or the transactions contemplated by this Agreement), Buyer or any American Entity or any of the properties or assets owned or used by it, is or has been subject.

Section 2.17 Employee Benefits.

(a) Set forth on Schedule 2.17(a) is a complete and accurate list of all employee benefit plans and collective bargaining, labor and employment agreements or other similar arrangements which the American Entities or any of its affiliates maintain, sponsor, contribute to, are liable for (directly or indirectly) or are bound, legally or otherwise, including, without limitation, (i) all plans within the meaning of Section 3(3) of ERISA and any profit-sharing, deferred compensation, bonus, payroll, sick leave, consulting, equity interests, membership interest options, stock options, stock purchase, stock bonus, restricted stock, equity appreciation rights, ESOP (as defined in Section 4975(e)(7) of the Code), pension, retainer, consulting, equity interests, membership, interest options, retirement, vacation, change of control, disability, severance or other termination benefit, welfare, or incentive pay policy, agreement, practice or arrangement, (ii) any plan, agreement, policy or arrangement providing for fringe benefits or perquisites to employees, officers, managers or agents of the American Entities, including but not limited to benefits relating to employer-supplied automobiles, clubs, medical, dental, hospitalization, life insurance and other types of insurance, retiree medical insurance, retiree life insurance and any other type of benefits for retired and terminated employees, and (iii) plans that are subject to Title IV of ERISA or Section 412 or 430 of the Code that have been or are maintained, contributed to or sponsored by any of the American Entities or any of their ERISA Affiliates, whether or not an "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) (herein referred to individually as a "Plan" and collectively as "Plans"). For purposes of this Agreement, "ERISA Affiliate" shall mean all persons and entities that are treated as being under common control with an entity or any Affiliate of the entity under Section 414(b), (c), (m) or (o) of the Code.

(b) True and complete copies of the following documents with respect to any Plan of the American Entities and their ERISA Affiliates in which the American Entities participate (the "American Entities Plans") have been delivered to Buyer and its legal counsel: (i) the most recent Plan document and trust agreement (including any amendments thereto); (ii) the most recent IRS determination letter; (iii) all summary plan descriptions; (iv) a written description of each material non-written Plan; (v) each written communication to all employees intended to describe a Plan or any benefit provided by such Plan; (vi) the most recent actuarial report, and (vii) all correspondence with the IRS, the Department of Labor or the Pension Benefit Guaranty Corporation concerning any existing controversy affecting any of the American Entities. Each report described in clause (vii) accurately reflects the funding status of the Plan to which it relates as of the date of such report and subsequent to the date of such report there has been no adverse change in the funding status or financial condition of such Plan.

(c) Each Plan is and has been maintained in compliance in all material respects with applicable Law, including but not limited to ERISA and the Code and with any applicable collective bargaining agreements or other contractual obligations. The reporting and disclosure requirements under ERISA and the Code have been timely satisfied, including but not limited to the timely filing of all IRS Forms 5500, with respect to all Plans maintained by the American Entities or any of their ERISA Affiliates.

(d) Except as set forth on Schedule 2.17(d), with respect to any Plan that is subject to Section 412 or 430 of the Code or Title IV or Section 302 of ERISA (a “412 Plan”), there has been no failure to make any contribution, pay any amount due or meet the minimum funding standards as required by Section 412 of the Code, Section 302 of ERISA or the terms of any such Plan. No 412 Plan has incurred a minimum funding deficiency within the meaning of Section 412 and 430 of the Code whether or not waived. None of the assets of any of the American Entities nor any of their ERISA Affiliates are subject to any lien imposed under Section 430(k) of the Code or Section 302 of ERISA by reason of a failure of any of the American Entities or any of their ERISA Affiliates to make timely installments or other payments required under Section 412 or 430 of the Code.

(e) There are no pending or, to the Knowledge of Sellers, threatened claims, proceedings, actions or lawsuits (including any audit or governmental investigation), other than routine claims for benefits in the ordinary course, asserted or instituted against (i) any Plan or its assets, (ii) any of the American Entities or any of their ERISA Affiliates with respect to any Plan, or (iii) any fiduciary with respect to any Plan for which any of the American Entities or any of their ERISA Affiliates may be directly or indirectly liable, through indemnification obligations or otherwise.

(f) Within the last six years, none of the American Entities nor any of their ERISA Affiliates have transferred any assets or liabilities of a 412 Plan subject to Title IV of ERISA which had, at the date of such transfer, an Unfunded Pension Liability or has engaged in a transaction which may be subject to Section 4212(c) or Section 4069 of ERISA.

(g) None of the American Entities have engaged, directly or indirectly, in a non-exempt prohibited transaction (as defined in Section 4975 of the Code or Section 406 of ERISA) in connection with any Plan.

(h) None of the Plans are “multiemployer plans” as defined in Section 3(37) of ERISA, and the American Entities nor any of their ERISA affiliates has ever maintained, contributed to, participated or agreed to participate in, or been secondarily liable for any liability with respect to such a “multiemployer plan.”

(i) There has been no “Reportable Event,” as defined in Section 4043 of ERISA, with respect to any 412 Plan subject to Title IV of ERISA within the last five years.

(j) Each Plan that provides welfare benefits has been operated in compliance in all material respects with all requirements of Sections 601 through 609 of ERISA and (i) Section 162(i)(2) and (k) of the Code and regulations thereunder and (ii) Section 4980B of the Code and regulations thereunder, relating to the continuation of coverage under certain circumstances in which coverage would otherwise cease. None of the American Entities nor any of their ERISA Affiliates has contributed to a nonconforming group health plan (as defined under Section 5000(c) of the Code), and no ERISA Affiliate has incurred a tax under Section 5000(a) of the Code which could become a liability of the American Entities or any of their ERISA Affiliates. Except as set forth on Schedule 2.17(j), none of the American Entities nor any of their ERISA Affiliates maintains, sponsors or provides or has maintained, sponsored or provided post-retirement medical benefits, post-retirement death benefits or other post-retirement

welfare benefits to its current employees or former employees, except as required by Section 4980B of the Code and at the sole, expense of the participant or the beneficiary of the participant. The American Entities have complied in all material respects with the requirements of the Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations promulgated thereunder, with respect to each Plan to the extent applicable to such Plan. Any Plan sponsored or maintained by the American Entities or any of their ERISA Affiliates for the provision of insurance, benefits, funding or administrative services under such Plan is compliant with the applicable provisions of the Patient Protection and Affordable Care Act, as modified by the Health Care and Education Reconciliation Act of 2010. The American Entities do not maintain any plan that is (i) an "employee welfare benefit plan" (as such term is defined under Section 3(1) of ERISA) that has provided any "disqualified benefit" (as such term is defined in Section 4976(b) of the Code) with respect to which an excise tax could be imposed under Section 4976 or (ii) self-insured.

(k) Except as set forth on Schedule 2.17(k), the American Entities and their ERISA Affiliates have funded each Plan in accordance with the terms of such Plan through the Closing Date, including the payment of applicable premiums on any insurance contract funding a Plan, for coverage provided through the Closing Date.

(l) Each Plan that is intended to be a tax qualified plan under Section 401(a) of the Code has been determined by the IRS to qualify under Section 401 of the Code, and the trusts created thereunder have been determined to be exempt from tax under the provisions of Section 501 of the Code, and, to Sellers' Knowledge, nothing has occurred, including the adoption of or failure to adopt any Plan amendment, which would reasonably be expected to adversely affect its qualification or tax-exempt status.

(m) Except as contemplated herein or required by law, the execution of this Agreement and the consummation of the transactions contemplated hereby, do not constitute a triggering event under any Plan, policy, arrangement, statement, commitment or agreement, which (either alone or upon the occurrence of any additional or subsequent event) will result in any direct or indirect obligation of any of the American Entities or any of their ERISA Affiliates to make any payment (whether of severance pay, including but not limited to, salary, related vacation pay, pension pay and other similar payments and costs, or otherwise) or to accelerate, vest or increase the amount of benefits payable to any employee or former employee or manager of any of the American Entities. Except as listed on Schedule 2.17(m), no Plan or agreement provides for the payment of severance benefits upon the termination of any employee's employment. No amount payable by any of the American Entities will be found not to be deductible for federal income tax purposes under Section 280G of the Code.

(n) No Plans are under audit or examination (nor has notice been received of a potential audit or examination) by any Governmental Agency; and no matters are pending under the IRS's Employee Plans Compliance Resolutions System or any successor or predecessor program.

(o) Buyer has never had any employees nor provided any benefits or compensation to any director, consultant or independent contractor.

(p) Schedule 2.17(p) sets forth a correct and complete list of each plan, program, agreement or arrangement maintained, sponsored or entered into by the American Entities that is a “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code (each a “**409A Plan**”). Each 409A Plan complies in form and has been operated and administered in compliance with Code Section 409A and IRS regulations issued thereunder. Neither the execution of this Agreement, nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event) result in a violation of Section 409A of the Code.

Section 2.18 Employment Matters. Set forth on Schedule 2.18 is a list of all Persons who are employees, consultants or independent contractors of the American Entities as of the Closing Date. Set forth on Schedule 2.18 is a list of each written employment agreement between the Company and any employee of the Company (each, a “**Company Employment Agreement**”). Sellers have made available to Buyer and its legal counsel correct and complete copies of each Company Employment Agreement. Each of the American Entities, except as would not have a Material Adverse Effect on the American Entities (a) is not and has not been in violation of applicable Laws respecting employment, employment practices, terms and conditions of employment and wages and hours, (b) has withheld and reported all amounts required by Law or contract to be withheld or reported with respect to wages, salaries and other payments to its respective employees, (c) has no liability for any arrears of wages or any Taxes or any penalty for violation of clauses (a) or (b) above, or (d) has no liability for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Agency with respect to wages, unemployment compensation, benefits, social security or other benefits or obligations for employees (other than routine payments to be made in the normal course of business, consistent with past practices). Except as set forth on Schedule 2.18, neither Buyer nor any of the American Entities has any change of control agreements with any officer, manager or employee of any of the American Entities or any Sellers. Buyer does not have any current or former employees, consultants or independent contractors.

Section 2.19 Labor Relations. The American Entities have no and have had no collective bargaining agreements with any labor organization relating to any of the employees of Buyer or any of the American Entities. No collective bargaining agreements relating to any of the employees of any of the American Entities are being negotiated as of the date hereof. No union organizational campaign or representation petition is pending or, to Sellers’ Knowledge, threatened with respect to any employees of any of the American Entities. There is no pending or, to Sellers’ Knowledge, threatened, strike, slowdown, lock-out, work-stoppage, union organizing effort or other labor dispute, labor board proceeding, labor arbitration proceeding or administrative tribunal proceeding involving any employees of any of the American Entities. To Sellers’ Knowledge, there are no complaints or charges filed with or by any Governmental Agency or by any employee or former employee or any of the American Entities or applicant for employment with any of the American Entities against any of the American Entities claiming that any of the American Entities has violated any applicable Law relating to labor or employment matters. To Sellers’ Knowledge, there are no complaints or proceedings of any kind relating to any of the American Entities before any labor relations board. There are no outstanding Orders in respect of any employee or former employee of any of the American Entities against Buyer or any of the American Entities under any applicable Law relating to health and safety. Each of the American Entities has, with respect to its employees, complied in

all material respects with its obligations under any applicable Law relating to immigration. None of the American Entities is subject to any unsatisfied or pending settlement agreement, conciliation agreement, letter of commitment, deficiency letter or consent decree with any employee or former employee of any of the American Entities or applicant for employment with any of the American Entities, labor union or other representative or any Governmental Agency or arbitrator relating to claims of unfair labor practices, employment discrimination or other claims with respect to employment and labor practices and policies. Since January 1, 2010, no Governmental Agency, administrative tribunal or arbitrator has issued any Orders or findings with respect to the employment and labor practices or policies of any of the American Entities that has had or would be reasonably expected to have a Material Adverse Effect on any of the American Entities.

Section 2.20 All Assets; Investments; Books and Records.

(a) The assets, property, rights and privileges owned, leased or licensed by the American Entities constitute all of the assets, property, rights and privileges that are used by the American Entities and Buyer in the operation of the Business, and are and will be sufficient for the conduct and operation of the Business of the American Entities and Buyer following the Closing in the same manner as conducted and operated on the date hereof. Except for Liens created in connection with the Closing or as set forth on Schedule 2.20(a), there will be no Liens on any of the assets, property, rights and privileges owned by the American Entities and Buyer. The American Entities' and Buyer's material assets are usable for the purposes for which they are currently used by the American Entities and Buyer for the operation of the Business.

(b) Schedule 2.20(b) sets forth a list of all investment assets, including, without limitation, bonds, notes, debentures, mortgage loans, real estate, collateral loans, derivatives and all other instruments of indebtedness, stocks, partnership or joint venture interests and all other equity interests, certificates issued by or interests in trusts, derivatives and all other assets acquired for investment purposes that are beneficially owned by Buyer as of the date of this Agreement (such investment assets, together with all investment assets acquired by Buyer between the date of this Agreement and the Closing Date are referred to herein as the "Investment Assets"). Buyer has, directly or indirectly, good and marketable title to all Investment Assets owned by it, free and clear of all Liens. To Sellers' Knowledge, none of the Investment Assets are in default in the payment of principal or interest or dividends and, to Sellers' Knowledge, there has occurred no event which (whether with notice or lapse of time or both) will result in a default under, or cause the impairment of, any of the Investment Assets.

(c) Sellers have made available to Buyer and its legal counsel true and complete copies of the Organizational Documents of the American Entities and Buyer as in effect on the date hereof, including all amendments thereto. The books of account, minute books and record books evidencing the equity ownership of the American Entities are complete and correct in all material respects. At the Closing, all of those books and records of the American Entities will be in the possession of Buyer or the American Entities. The books of account, minute books and record books evidencing membership in Buyer are complete and correct in all material respects. Schedule 2.20(c) sets forth a list of all current subscribers of insurance from Buyer ("Subscribers"), a list of all insureds or former insureds holding unpaid surplus contribution notes issued by Buyer, and a list of all committee members of Buyer. Attached to

Schedule 2.20(c) is the form of Subscriber Agreement by and among each Subscriber, all other Subscribers of Buyer and the AIF, and each are in effect with all Subscribers.

Section 2.21 Actions Since September 30, 2013. Since September 30, 2013, except as set forth on Schedule 2.21, there has not been any event, circumstance, state of affairs, condition or development that has had or would be reasonably expected to have a Material Adverse Effect on the American Entities or Buyer. Since September 30, 2013, except as otherwise provided in this Agreement or in connection with the transactions contemplated hereby, (a) Buyer and the American Entities have carried on the Business in the usual, regular and ordinary course consistent with past practices (including, without limitation, collection of accounts receivables and payment of accounts payables which has not been delayed) and have used all reasonable efforts to (i) preserve intact their business, organization and goodwill, (ii) retain the services of their current officers and key employees, and (iii) preserve their relationships with customers, suppliers and others having business dealings with them, and (b) except as set forth on Schedule 2.21, neither Buyer nor any of the American Entities, as applicable, has:

(i) (A) split, combined or reclassified any Company Membership Interests, or issued, authorized or proposed the issuance of any other securities in respect of, in lieu of or in substitution for, any Company Membership Interests; or (B) repurchased or otherwise acquired any Company Membership Interests;

(ii) issued any Company Membership Interests or any other security, instruments, rights or interests in the Company or any subscription, option, warrant, commitment or right of any kind whatsoever with respect to any Company Membership Interests or any other security, instrument, rights or interest in the Company;

(iii) amended or proposed to amend its Organizational Documents;

(iv) merged or consolidated with or acquired any equity interest in any Person, or entered into an agreement with respect thereto; acquired or agreed to acquire any material assets, except for the purchase of inventory and supplies in the ordinary course of business consistent with past practices and except for capital expenditures otherwise permitted hereunder; or made any loan or advance to, or otherwise made any investment in, any Person other than trade debt incurred in the ordinary course of business consistent with past practices and purchase by Buyer of Investment Assets;

(v) sold, encumbered or otherwise disposed of, or agreed to sell, lease (whether such lease is an operating or capital lease), encumber, assign or otherwise dispose of, any of its material assets (including any Company Membership Interests or other securities of the Company or any Intellectual Property), other than sales of inventory or sales or returns of obsolete or surplus equipment in the ordinary course of business consistent with past practices and sales by Buyer of Investment Assets;

(vi) authorized, recommended, proposed or announced an intention to adopt a plan of complete or partial liquidation or dissolution;

(vii) except as required by Law or any Company Employment Agreement or under one of the Plans listed on Schedule 2.17(a), (A) paid or agreed to pay any pension, retirement allowance or other employee benefit to any manager, officer, management employee or key employee of the Company, whether past or present; (B) entered into any new, or materially amended any existing, employment or severance or termination agreement with any Person; (C) became obligated under any new benefit plan or employee agreement that was not in existence on December 31, 2012 or amended any such plan or agreement in existence on such date if such amendment would have the effect of materially enhancing any benefits thereunder; (D) granted any general increase in compensation (including salary, bonus or other benefits) to employees of the Company; or (E) extended any loans or advances to any of its managers, officers, management employees or key employees of the Company, except advances to employees for expenses consistent with past practices;

(viii) (A) assumed or incurred any Indebtedness; (B) guaranteed any Indebtedness; (C) issued or sold any debt securities or warrants or rights to acquire any debt securities; (D) guaranteed any debt obligations of any other Person; or (E) created any material Lien on the property or assets of the Company or Buyer;

(ix) except in the ordinary course of business consistent with past practices, (A) entered into any Material Contract; or (B) modified, rescinded, terminated, waived, released or otherwise amended in any material respect any of the terms or provisions of any Material Contract;

(x) except as required by GAAP, SAP or applicable Law, (A) permitted any change in (1) any practice or policy regarding pricing, marketing, purchasing, investment, accounting, financial reporting, inventory, credit, allowance or Taxes for accounting or Tax purposes, (2) any method of calculating any bad debt, contingency or other reserve for accounting or Tax purposes or (3) the actuarial, investment, reserving, underwriting or claims administration policies, practices, procedures, methods, assumptions or principles applied by Buyer or any of the American Entities in conducting their respective businesses; or (B) made any material Tax election or settled or compromised any material Tax liability with any Governmental Agency;

(xi) except consistent with past practices, delayed payment on or failed to pay when due the trade accounts payable or other recurring expenses of Buyer or the Company;

(xii) incurred any capital expenditures in excess of \$25,000 individually or \$50,000 in the aggregate;

(xiii) paid, discharged or settled any claims, liabilities or obligations in excess of \$5,000 individually or \$20,000 in the aggregate, other than such claims, liabilities or obligations in the ordinary course of business consistent with past practices;

(xiv) settled, released or forgave any material claim or litigation or waived any right thereto, except with respect to claims in the ordinary course of business under insurance policies issued by Buyer;

(xv) except as consistent with past practices, filed any Tax Return or entered into any agreement with any Governmental Agency;

(xvi) waived or agreed to any extension of any limitations period in respect of Taxes;

(xvii) recorded or effectuated the transfer of record ownership of, or beneficial interest in, any Company Membership Interests; or

(xviii) entered into any commitment to take any the foregoing actions.

Section 2.22 Bank Accounts; Letters of Credit and Powers of Attorney. Schedule 2.22 contains an accurate and complete list of (a) all bank accounts, brokerage accounts, securities accounts, lock boxes and safe deposit boxes relating to the Business and operations of the Company, Buyer, the AIF or HCP (including the name of the account holder, the name of the bank or other institution where such account or box is located and the name of each authorized signatory thereto), (b) all outstanding letters of credit issued by financial institutions for the account of the Company, Buyer, the AIF and HCP (setting forth, in each case, the financial institution issuing such letter of credit, the expiration date of such letter of credit and the party or parties in whose favor such letter of credit was issued), and (c) the name and address of each Person who has a power of attorney to act on behalf of the Company, Buyer, the AIF or HCP (except under the Management Agreement).

Section 2.23 Permits and Licenses. Schedule 2.23 sets forth a correct and complete list of all material licenses, franchises, permits, certificates, approvals or other similar authorizations affecting or relating in any way to the assets or business of the American Entities or Buyer (excluding Insurance Licenses, the "Permits"). The Permits are sufficient and adequate in all material respects to permit the continued lawful operation of the Business as presently conducted, and, to Sellers' Knowledge, the American Entities and Buyer own, hold or possess adequate right to use all Permits required in connection with the operation of the Business as presently conducted. The American Entities and Buyer have been and are in compliance with the terms of the Permits, except as would not have a Material Adverse Effect on any of the American Entities. The Permits are in full force and effect and, to Sellers' Knowledge, no event has occurred that (a) constitutes or results, directly or indirectly, in a material violation of, or a failure to comply with, any applicable Laws by Buyer or any of the American Entities, or (b) would reasonably be expected to result in the revocation, withdrawal, suspension, cancellation, or termination of, or any modification to, any Permit. None of the American Entities, Buyer or Sellers have received any written notice or other communication from any Governmental Agency or any other Person regarding (i) any actual, alleged, possible, or potential violation of, or failure to comply with, any applicable Laws in any material respect, or (ii) any actual, proposed, possible, or potential revocation, withdrawal, suspension, cancellation, termination of, or modification to any Permit which has not been resolved in all material respects. All material applications required to have been filed for the renewal of each Permit have been duly filed on a timely basis with the appropriate Governmental Agency, and all other material filings required to have been made with respect to each Permit have been duly made on a timely basis with the appropriate Governmental Agency. Sellers have provided complete and correct copies of the Permits to Buyer and its legal counsel.

Section 2.24 Insurance Regulatory Compliance; Reinsurance; Annuities.

(a) Sellers have made available to Buyer and its legal counsel copies of: (i) any reports of examination of Buyer issued by any Governmental Agency responsible for the regulation of the business of insurance (“**Insurance Regulatory Authority**”) since January 1, 2010; and (ii) all other material filings or submissions under insurance holding company statutes and regulations made by Buyer with any Insurance Regulatory Authority (“**Insurance Reports**”) since January 1, 2010. Buyer has filed all material reports, registrations, filings and submissions required to be filed with any Insurance Regulatory Authority since January 1, 2010. No material deficiencies have been asserted by any Governmental Agency with respect to such reports, registrations, filings or submissions that have not been cured or remedied to the reasonable satisfaction of the applicable Insurance Regulatory Authority.

(b) Without limiting the generality of the foregoing, (i) Buyer is conducting its business in compliance in all material respects with all applicable Laws regulating the business, transaction of or products of insurance and reinsurance (collectively, “**Insurance Laws**”), including, without limitation, the filing and content of all Insurance Reports; (ii) Schedule 2.24(b) lists those in-force qualifications, registrations, filings, licenses, permits, certificates, consents, approvals or authorizations issued or granted by an Insurance Regulatory Authority to Buyer to write insurance, reinsurance and other insurance products (the “**Insurance Licenses**”); (iii) to Sellers’ Knowledge, all of the Insurance Licenses are valid and in full force and effect; and (iv) Buyer is not the subject of any pending or, to the Sellers’ Knowledge, threatened civil, criminal, administrative, investigative or informal action, audit, demand, suit, claim, arbitration, hearing, litigation, dispute, investigation or other proceeding of any kind or nature for or contemplating the suspension, termination, modification, limitation, cancellation, revocation, nonrenewal or impairment of its Insurance Licenses. Sellers have made available to Buyer and its legal counsel, prior to the date hereof, copies of the Insurance Licenses.

(c) No agent, broker, intermediary or producer has any underwriting or binding authority on behalf of Buyer and Buyer is not a party to any managing general agency Contract or other similar Contract.

(d) Except as set forth on Schedule 2.24(d), no claim or assessment by any Guaranty Fund is pending, and neither the Company nor Buyer has received written notice of any such outstanding claim or assessment which remains unsatisfied.

(e) Neither of the Company nor Buyer has received any written notice (i) of any material default under any Reinsurance Contract that has not been cured or remedied to the satisfaction of the parties thereto, (ii) from any other party to a Reinsurance Contract that the financial condition of such other party to any Reinsurance Contract is impaired with the result that a default thereunder may reasonably be anticipated, or (iii) from any applicable reinsurer that any amount of reinsurance ceded by the Company will be uncollectible or otherwise defaulted upon. Except as set forth on Schedule 2.24(e), Buyer has been, since January 1, 2010, able to obtain full reserve credit for financial statement purposes under SAP with respect to the liabilities ceded under each of the Reinsurance Contracts.

(f) There are no annuities of which the claimant under an insurance policy issued by Buyer is payee but for which Buyer is contingently liable.

Section 2.25 Insurance. Set forth on Schedule 2.25 is a list of all insurance policies, including self-insurance programs, maintained by the American Entities and Buyer (collectively, the “**Insurance Policies**”). Each of the Insurance Policies is in full force and effect. Sellers have made available to Buyer and its legal counsel complete and correct copies of the Insurance Policies. There is no claim by any of the American Entities or Buyer pending under any of such Insurance Policies as to which any of the American Entities and Buyer has received written notice that coverage has been questioned, denied or disputed by the underwriters of such Insurance Policies. Except as set forth on Schedule 2.25, all premiums due and payable under all the Insurance Policies have been paid and are not subject to renegotiation or retroactive adjustment. Except as set forth on Schedule 2.25, to Sellers’ Knowledge, there is no threatened termination of, or premium increase with respect to, any Insurance Policies.

Section 2.26 Absence of Certain Practices. Since January 1, 2010, neither Sellers, any of the American Entities or Buyer, nor, to Sellers’ Knowledge, any officer, manager, employee or agent of any Seller, any of the American Entities or Buyer, nor any other Person acting on their behalf has, directly or indirectly, given or agreed to give any payment, gift or similar benefit to any customer, supplier, governmental employee or other Person who is or may be in a position to help or hinder the Business or operations of any of the American Entities or Buyer (or assist any of the American Entities or Buyer in connection with any actual or proposed transaction relating to the Business and their operations), (a) that subjected or might subject any of the American Entities or Buyer to any damage or penalty in any Proceeding, (b) that subjected or might subject any of the American Entities or Buyer to any adverse consequences with any Governmental Agency, or (c) that in case of a payment made directly or indirectly to an official or employee of any Governmental Agency, constitutes an illegal bribe or kickback (or if made to an official or employee of a foreign government, is unlawful under the Foreign Corrupt Practices Act of 1977) or, in the case of a payment made directly or indirectly to a Person other than an official or employee of a government or Governmental Agency, constitutes an illegal bribe, illegal kickback or other illegal payment under any law of the United States or under the law of any state that could subject the payor to a criminal penalty or the loss of a license or privilege to engage in a trade or business.

Section 2.27 Conflicts of Interest. Except as set forth on Schedule 2.27, neither Sellers nor, to Sellers’ Knowledge, any officer, manager or employee of any of the American Entities or any relative of any of the foregoing: (a) has any pecuniary interest in any supplier or customer of any of the American Entities or Buyer or in any other business with which any of the American Entities or Buyer conducts business or with which any of the American Entities or Buyer is in competition; or (b) has any interest in any property or assets used by any of the American Entities or Buyer.

Section 2.28 Brokers’ and Finders’ Fees. Except as disclosed on Schedule 2.28, neither any of the American Entities nor, to Sellers’ Knowledge, Buyer has incurred, directly or indirectly, any liability for investment banking services, brokerage or finders’ fees or agents’ commissions or any similar charges in connection with this Agreement or any transaction

contemplated hereby and Sellers shall solely be liable for any such fees, commissions or any similar charges.

Section 2.29 Buyer Representations. To the Knowledge of Sellers, the representations made by Buyer in Sections 3.2 and 3.4 are true and correct.

Article III **REPRESENTATIONS AND WARRANTIES OF BUYER**

As a material inducement to Sellers to enter into this Agreement and consummate the Purchase Transaction, Buyer represents and warrants to Sellers, to Buyer's Knowledge solely with respect to Section 3.5, as follows:

Section 3.1 Organization and Standing. Buyer is a reciprocal insurance exchange duly formed, in good standing and having a legal existence under the laws of the state of its formation.

Section 3.2 Authority; Enforceability. Buyer has the full legal right, power and authority to execute and deliver this Agreement and each Transaction Document to which it is or will be a party, and to consummate the transactions contemplated hereby and thereby. This Agreement, and each Transaction Document to which Buyer is or will be a party, has been duly executed by Buyer and constitutes, and will constitute, respectively, the valid, legal and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, moratorium, insolvency or other similar laws affecting the rights of creditors generally and by general equitable principles (whether enforcement is sought by proceedings in equity or in law).

Section 3.3 No Violation. The execution and delivery and performance of this Agreement and each Transaction Document to which Buyer is or will be a party and the consummation of the transactions contemplated hereby and thereby, do not and will not (a) violate or conflict with any provision of the Organizational Documents of Buyer or (b) result in any violation of Laws applicable to Buyer.

Section 3.4 Consents. Except as set forth on Schedule 3.4, no consent, waiver, approval, Order or authorization of, or registration, declaration or filing with any Governmental Agency or any other Person in connection with the execution and delivery of this Agreement or the Transaction Documents to which Buyer is a party or consummation of the transactions contemplated hereby or thereby.

Section 3.5 Brokers' and Finders' Fees. Except as set forth on Schedule 3.5, Buyer has not incurred, directly or indirectly, any liability for investment banking services, brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any transaction contemplated hereby.

Section 3.6 Sellers Representations. Buyer has delivered a copy of this Agreement to the members of Buyer's Members Advisory Committee (the "MAC"), Audit and Investment Committee and Physician Claims Advisory Committee (collectively, "**Committee Members**") as set forth on Schedule 3.6 attached hereto, and such Committee Members do not

have any actual knowledge that the representations made by Sellers in Sections 2.1(e), 2.4(b), (c) or (d), 2.5, 2.6(c) or (d) and 2.7 through 2.28, solely with respect to Buyer, are untrue or inaccurate. For purposes of this Agreement, Committee Members shall exclude any member of the management team of the American Entities, as set forth on Schedule 3.6(a).

Article IV

CONTINUATION AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES

All representations and warranties shall survive the consummation of the transactions provided for in this Agreement and shall terminate on the 18 month anniversary of the Closing Date; provided, however, (a) in the case of representations and warranties contained in Section 2.1, Section 2.2, Section 2.3, Section 2.28, Section 2.29, Section 3.1, Section 3.2, Section 3.5 and Section 3.6, such representations and warranties shall survive the Closing Date indefinitely; (b) in the case of representations and warranties contained in Section 2.7, such representations and warranties shall survive the Closing Date until the 30-month anniversary of the Closing Date; and (c) in the case of the representations and warranties contained in Sections 2.14 and 2.17, such representations and warranties shall survive the Closing Date until the 60th day following the expiration of the applicable statutory period of limitations (giving effect to any waiver, mitigation or extension thereof). Neither the period of survival nor the liability of Sellers, on the one hand, or Buyer, on the other hand, with respect to any representations and warranties made by such Party in this Agreement or the Transaction Documents shall be reduced or barred by any investigation made at any time before or after the Closing by or on behalf of such Party, except (i) with respect to Buyer's representations made in Section 3.6, in which case, any breach by Buyer thereof shall reduce or bar any claim by Buyer against Sellers with respect to any breach of any representation or warranty by Sellers to the extent any Committee Member had actual knowledge that such representation or warranty was untrue or inaccurate on the date hereof, and (ii) with respect to Sellers' representations made in Section 2.29, in which case, any breach by Sellers thereof shall reduce or bar any claim by Sellers against Buyer with respect to any breach or any representation or warranty by Buyer in Sections 3.2 and 3.4 as applicable. Notwithstanding the survival periods set forth above, if written notice of a Claim or Third Party Claim has been given prior to the expiration of the survival period for the applicable representation and warranty by a Party in whose favor such representation and warranty has been made to the Party that made such representation and warranty, then the relevant representation and warranty shall survive as to such Claim or Third Party Claim, until such Claim or Third Party Claim has been finally resolved.

Article V

COVENANTS AND AGREEMENTS

Section 5.1 Conduct of Business of the Company. Except as contemplated or permitted by this Agreement or any other Transaction Document or as may be required by applicable Law, from the date of this Agreement to the Closing Date, Sellers shall cause each of the American Entities and Buyer to, (a) conduct its business in all material respects in the ordinary course of business consistent with past practices; (b) maintain their existence in good standing (if applicable) under applicable Laws and, except as required under this Agreement (including approaching clients for consents as called for under this Agreement), use commercially reasonable efforts to preserve intact their present lines of business and their

relationships with customers, suppliers, distributors, licensors, lessors and other third parties having business dealings with the American Entities and Buyer, in each case, in the ordinary course of business consistent with past practices; (c) not intentionally engage in any practice, take any action, fail to take any action or enter into any transaction or other agreement or arrangement which would reasonably be expected to cause any representation or warranty of Sellers to be untrue in any material respect (such that the condition set forth in Section 7.1(a) would not be satisfied) at any time, or result in a breach of any covenant or obligation made by Sellers in this Agreement (such that the condition set forth in Section 7.1(b) would not be satisfied); (d) perform its obligations under the insurance policies written by Buyer and all Material Contracts, in each case, in all material respects in the ordinary course of business consistent with past practices; and (e) maintain its books and records in the usual, regular and ordinary manner consistent with past practices. Without limiting the foregoing, from the date of this Agreement to the Closing, except as set forth on Schedule 5.1, as contemplated or permitted by this Agreement or any other Transaction Document or as may be required by applicable Law, Sellers shall not cause or permit any of the American Entities or Buyer to, take any of the following actions without the prior written consent of the Buyer Representative (which consent shall not be unreasonably withheld, conditioned or delayed):

(i) (x) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, equity or property) in respect of, its outstanding equity interests; (y) split, combine or reclassify any of its outstanding equity interests or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for its outstanding equity interests; or (z) purchase, redeem or otherwise acquire any outstanding equity interests of it or any rights, warrants or options to acquire any such equity, except that the Company shall be permitted to make cash distributions to Sellers ("**Permitted Distributions**"), subject to the reduction of the Purchase Price pursuant to Section 1.3 in the event there is a Cash Shortfall;

(ii) issue, sell, grant, pledge or otherwise encumber any of its equity interests or other securities or issue any securities convertible into, or any rights, warrants or options to acquire, any such equity interests or other securities or convertible securities;

(iii) amend its Organizational Documents;

(iv) (i) acquire (including by way of bulk reinsurance, merger, consolidation or acquisition of stock or assets) any Person or any division thereof or material portion of the assets thereof; (ii) enter into any agreement providing for the merger or consolidation of Buyer or any American Entity with any other Person; (iii) liquidate, dissolve, or wind up, or otherwise dispose of all or substantially all of its assets (including by way of bulk reinsurance, whether on an indemnity or assumption basis); (iv) consider or adopt of a plan of liquidation, dissolution, rehabilitation, restructuring, recapitalization, re-domestication or other reorganization; or (v) organize any new company, subsidiary or joint venture, partnership or similar arrangement;

(v) mortgage, pledge or subject to any Lien any of its properties or assets;

(vi) sell, lease, license or otherwise dispose of any material property or assets, other than Investment Assets in the ordinary course of business consistent with past practices;

(vii) except for draws under lines of credit to be repaid prior to Closing, create, incur, assume or guarantee any indebtedness, obligation or liability for money including, without limitation, the creation of any Lien on all or any portion of any property or assets of the Company;

(viii) enter into, amend or modify in any material respect, or terminate any Material Contract;

(ix) make any change in its financial or statutory accounting methods, principles or practices used by it materially affecting its properties, assets or liabilities, except insofar as may be required by a change in applicable Laws or applicable SAP;

(x) make any payment, accrual or commitment for capital expenditures in excess of \$1,000;

(xi) to the extent within the control of the American Entities, suffer or permit to suffer any damage, destruction or other loss of any material asset or property of Buyer or any of the American Entities (whether or not covered by insurance);

(xii) make any material change in the underwriting, reinsurance, marketing, pricing, claim adjustment, claim processing, claim payment, reserving, financial or accounting methods, practices or policies of Buyer or any of the American Entities, except in the ordinary course of business consistent with past practices;

(xiii) (i) make any loan, advance or capital contribution to any Person, or (ii) other than in the ordinary course of business consistent with past practices in connection with the management of Investment Assets, invest in any Person;

(xiv) pay, discharge, settle or satisfy any material claims, Liens, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise) or waive any right, in each case, other than policy claims in the ordinary course of business consistent with past practices;

(xv) grant any increase in compensation or benefits to any employee or officer of Buyer or any American Entity, except as required by applicable Law; pay any severance or termination pay or any bonus other than pursuant to policies or contracts in effect on the date of this Agreement and, in each case, disclosed in Schedule 5.1(b)(xv); enter into or amend any severance agreements with any employee or officer of Buyer or any American Entity; or grant any increase in fees or other compensation or other benefits to any officers, directors, managers or independent contractors of Buyer or any American Entity except in accordance with past practices and as specifically disclosed in Schedule 5.1(b)(xv);

(xvi) enter into or amend any employment contract between Buyer or any American Entity and any Person (unless such amendment is required by applicable Law) that

Buyer or such American Entity does not have the unconditional right to terminate without liability, at any time on or after the Closing Date;

(xvii) adopt any new Plan of Buyer or any American Entity or terminate or withdraw from, or make any material change in or to, any existing Plans of Buyer or any American Entity other than any such change that is required by applicable Law or that, in the opinion of counsel, is necessary or advisable to maintain the tax qualified status of any such Plan, or make any distributions from such Plans, except as required by applicable Law, the terms of such Plans or consistent with past practices;

(xviii) invest in any securities rated below "investment grade" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., or Moody's Investors Service, Inc.;

(xix) (A) make or change any material election with respect to Taxes, (B) adopt or change any accounting method with respect to Taxes or amend any Tax Return, (C) settle or compromise any Proceeding or controversy relating to Taxes; (D) make any request for a written ruling of a Governmental Agency relating to Taxes; or (E) enter into a written and legally binding agreement with a Governmental Agency relating to Taxes;

(xx) make any payment under any tax allocation or similar agreement;

(xxi) revalue any property or assets; or

(xxii) approve, or enter into any Contract or commitment, whether in writing or otherwise to take any of the actions specified in this Section 5.1.

Section 5.2 Access to Information. From the date of this Agreement until the Closing Date, Sellers shall afford Buyer and its representatives and advisors reasonable access upon reasonable advance notice at reasonable times during normal business hours to all of the American Entities' and Buyer's properties, books, Contracts and records, and Sellers shall furnish Buyer and its officers, employees, representatives and advisors such information concerning the American Entities' and Buyer's business, properties, financial condition, operations and personnel as such Persons may from time to time reasonably request; provided, however, that any such investigation shall be conducted in a manner that does not unreasonably interfere with the normal operations, customers and employee relations of the American Entities. After the Closing, each Party will provide the other Parties and their respective Affiliates, officers, employees and representatives and advisors with any information regarding the American Entities or Buyer, which such Persons may reasonably request: (a) in connection with the preparation of financial statements (including Buyer's Statutory Statements) required to be prepared under applicable Law or for other bona fide reporting purposes; (b) in connection with the preparation of filings and submissions to Governmental Agencies; or (c) to otherwise comply with regulatory requirements and requests under applicable Law.

Section 5.3 Consents, Approvals and Filings.

(a) Sellers and Buyer shall each use their commercially reasonable efforts, and will cooperate fully with each other, to (i) comply as promptly as practicable with all

requirements of any Governmental Agency applicable to the transactions contemplated by this Agreement; and (ii) obtain as promptly as practicable all consents, authorizations or approvals of, any exemption by, or waiver from, all Governmental Agencies and third parties necessary in connection with the consummation of the transactions contemplated by this Agreement (collectively, "Necessary Permits"). In connection therewith, Sellers and Buyer shall make and cause their respective Affiliates to make all formal filings and material supplements thereto required pursuant to applicable Law (such formal filings and material supplements thereto, collectively, "Material Filings") as promptly as practicable (and in no event more than 30 days after the date of this Agreement) in order to facilitate the prompt consummation of the transactions contemplated by the Transaction Documents and shall promptly make, and shall cause their respective Affiliates to promptly make, such Material Filings as such Governmental Agencies may reasonably request, including (x) Buyer filing a "Form A" or similar change of control applications, or requests for exemptions therefrom, in each jurisdiction where required by applicable Insurance Laws with respect to the transactions contemplated by the Transaction Documents and (y) Buyer filing a "Form D" or similar prior notice of a transaction application with the Pennsylvania Department if required by applicable Insurance Laws. Neither Sellers nor Buyer shall take or cause to be taken any action that it is aware or reasonably should be aware would have the effect of delaying, impairing or impeding in any material respect the receipt of any Necessary Permits.

(b) Each Party shall provide to the other Parties, and their respective legal counsel, copies of all Material Filings in advance of the filing or submission thereof so that the other Parties have a reasonable opportunity to review and comment thereon and, subject to applicable Law relating to the sharing of information, each Party shall provide the other Parties, and their respective legal counsel, with copies of all material correspondence between such Party and its Affiliates on the one hand, and any Governmental Agency on the other hand and each Party shall advise the other Parties of all material communications with Governmental Agencies concerning a Material Filing by it or its Affiliates. None of the Parties nor any of their respective Affiliates shall participate or agree to participate in any material meeting with any Governmental Agency relating to any Material Filing unless it consults with the other Parties in advance and, to the extent permitted by such Governmental Agency, gives the other Parties the opportunity to attend (but not participate at) such meeting.

Section 5.4 Acquisition Proposal. Neither Sellers nor any Affiliate of Sellers (including the Company) shall itself, nor shall Sellers or any Affiliate of Sellers (including the Company) authorize any equityholder, partner, manager, officer, director or employee of, or any investment banker, attorney, accountant or other representative or advisor of Sellers or any Affiliate (including the Company) to, directly or indirectly, (a) solicit, initiate or encourage the submission of any Acquisition Proposal; or (b) participate in any negotiations or any material discussions regarding, or furnish to any Person any information with respect to, or agree to or endorse, or take any other action to facilitate any Acquisition Proposal or any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal.

Section 5.5 Expenses. All costs and expenses incurred in connection with this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby shall be paid as follows:

(a) Buyer shall pay all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors, accountants and brokers or finders incurred by Buyer in connection with this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby.

(b) Sellers shall pay all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors, including, without limitation, all fees and expenses referenced on Schedule 2.28, accountants and brokers or finders incurred by the Company or Sellers in connection with this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby and any bonus payments triggered by the transactions contemplated by this Agreement owed to the Chief Operating Officer and the Chief Financial Officer of the Company under letter agreements listed on the Disclosure Schedules, in each case, such payments shall not be deemed 2014 Expenditures.

(c) Notwithstanding the foregoing or any applicable Laws, Sellers, on the one hand, and Buyer, on the other, shall each be responsible to pay one-half of all expenses incurred by the Pennsylvania Department or any other Governmental Agency arising in connection with any regulatory review, or any regulatory approvals sought by any of the Parties, of the Purchase Transaction which any of the Parties are required to pay.

(d) Buyer shall reimburse Gaudiosi, the Company's Chief Operating Officer and Chief Financial Officer, collectively, for up to \$10,000 in the aggregate for legal fees incurred in connection with negotiation of employment agreements with the Company to be effective as of the Closing Date and other matters related to this Agreement, promptly upon receipt by Buyer of supporting documentation.

Section 5.6 Notification of Certain Matters. Sellers and Buyer shall give prompt notice to each other of (a) the occurrence, or failure to occur, of any event or the existence of any condition that has caused or could reasonably be expected to cause any of its representations or warranties contained in this Agreement to be untrue or inaccurate in any material respect at any time after the date of this Agreement, up to and including the Closing (such that the condition set forth in Section 7.1(a) or Section 7.2(a) would not be satisfied) and (b) any failure on its part to comply with or satisfy, in any material respect, any covenant, condition or obligation to be complied with or satisfied by it under this Agreement; provided, that no such disclosure pursuant to clause (a) or (b) shall be deemed to amend or supplement the Disclosure Schedules or to otherwise prevent or cure any misrepresentation, breach of warranty, or breach of covenant or obligation; provided, further, that if any fact or matter disclosed pursuant to clause (a) or (b) would result in the failure of condition in, as applicable, Section 7.1 or Section 7.2 to be satisfied, and the affected Party elects to consummate the Closing notwithstanding the existence of such fact or matter, such fact or matter shall not thereafter form the basis for any claim for indemnification under Article IX.

Section 5.7 Announcements. Neither Buyer, Sellers nor any of their respective officers or representatives will disclose to any Person the contents of this Agreement other than to their respective shareholders, members, directors, managers, advisors, partners, agents, financing sources and employees, except as required by Law. Neither Buyer nor Sellers shall, except as required by Law, make any public announcement about the transactions contemplated

by this Agreement, except that Buyer or Sellers can make a public announcement with respect to the transaction after the Closing (subject to prior review of the Buyer, in the case of an announcement by one of the Sellers, or the Sellers, in the case of an announcement by the Buyer, and taking into consideration in good faith any reasonable comments made by such other Parties).

Section 5.8 Certain Tax Matters.

(a) The Parties intend that, for U.S. federal income tax purposes, the transactions contemplated herein shall be treated as a sale of membership interests by Sellers and a purchase of the assets of the Company (including assets of the AIF and HCP) by Buyer pursuant to Situation 2 in Revenue Ruling 99-6, 1999-1 C.B. 432. Buyer and Sellers agree that the Purchase Price paid by Buyer (together with the liabilities, if any, of the American Entities, and other relevant items) to Sellers will be allocated among the assets of the Company (including assets of the AIF and HCP) as set forth on Schedule 5.8(a) (the "**Purchase Price Allocation**"). The Purchase Price Allocation shall be binding on Sellers, Buyer and the Company for Tax purposes and each shall file their Tax Returns, including Tax Returns filed pursuant to Section 5.8(c) below, in a manner consistent with such allocation and not take any contrary position in any Tax Return, audit or examination. If, subsequent to the Closing, there is an increase or decrease in the Purchase Price paid by Buyer to Sellers, the Parties shall allocate such increase or decrease among the assets of the Company (including assets of the AIF and HCP) in a manner consistent with Section 1060 of the Code and the applicable Treasury Regulations. Each Party will notify the other Parties if it receives notice that the Internal Revenue Service proposes any allocation that is different from the Purchase Price Allocation.

(b) Sellers will be responsible for payment of all Taxes (or the non-payment thereof) of the American Entities for all Taxable periods ending on or before the Closing Date and the portion allocable to the Taxable period as of the end of the Closing Date for any Straddle Period. In the case of Taxes that are payable with respect to a Straddle Period, the portion of any such Tax that is allocable to the portion of the Taxable period ending on the Closing Date shall be:

(i) in the case of Taxes that are either (x) based upon or related to income receipts or (y) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), deemed equal to the amount which would be payable (after giving effect to amounts which may be deducted from or offset against such Taxes) if the Taxable period ended on the Closing Date; and

(ii) in the case of Taxes imposed on a periodic basis with respect to the assets of the American Entities, or otherwise measured by the level of any item, deemed to be the amount of such Taxes for the entire Straddle Period (after giving effect to amounts which may be deducted from or offset against such Taxes or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period), multiplied by a fraction the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire Straddle Period. Any credit or refund resulting from an overpayment of Taxes for a Straddle Period shall be prorated based upon the method employed in this Section 5.8(b)(ii) taking into account the type of Tax to which such

credit or refund relates. In the case of any Tax based upon or measured by capital (including net worth or long-term debt) or intangibles, any amount thereof required to be allocated under this Section 5.8(b)(ii) shall be computed by reference to the level of such items as of the Closing Date. All determinations necessary to effect the foregoing allocations shall be made in a manner consistent with the prior practices of Sellers.

(c) Buyer shall prepare and file (or cause the Company to prepare and file) all Tax Returns of the American Entities for Straddle Periods and Sellers shall prepare and file (or cause the Company to prepare and file) all Tax Returns of the American Entities for Pre-Closing Tax Periods that are required to be filed after the Closing Date. Except as otherwise provided by applicable Law, all Tax Returns shall be prepared in a manner consistent with the past practice of the American Entities. The party having the responsibility for the preparation and filing of a Tax Return pursuant to this Section 5.8(c) shall deliver to the other party for that party's review and approval each such Tax Return sufficiently in advance of the due date for filing such Tax Returns (giving effect to extensions) to provide the other party with a meaningful opportunity to analyze and reasonably comment on such Tax Returns, which approval shall not be unreasonably withheld, conditioned or delayed.

(d) Sellers and Buyer shall provide each other with such cooperation and information as either of them reasonably may request of the other in filing any Tax Return, amended Tax Return or claim for refund, determining a liability for Taxes or a right of refund of Taxes or participating in or conducting any audit or other proceeding in respect of Taxes.

(e) Buyer shall not file, nor cause to be filed, any amended Tax Return of the American Entities filed for a Pre-Closing Tax Period or any Straddle Period without the prior written consent of Sellers, which consent shall not be unreasonably conditioned, withheld or delayed.

(f) Any Tax refunds received by any American Entity, Buyer or any Affiliate and any amounts credited against their Tax to which they become entitled that relate to any American Entity for any Pre-Closing Tax Period or the portion of a Taxable Period ending on the Closing Date in the case of any Straddle Period shall be for the account of Sellers and Buyer shall pay or cause the American Entities or its Affiliates to pay to Sellers any such refund or the amount of any such credit within ten (10) days after receipt thereof or entitlement thereto.

Section 5.9 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the transactions contemplated by this Agreement shall be paid 50% by Sellers and 50% by Buyer when due. If required by applicable Laws, the Parties shall, and shall cause their Affiliates (including the American Entities) to, join in the execution of any Tax Returns and other documentation required for the determination, payment or claim of exemption from any such Tax referenced in this Section 5.9.

Section 5.10 Tax Contests.

(a) After the Closing, Buyer shall promptly notify in writing Sellers, upon receipt by Buyer or any of the American Entities of written notice of any Tax Proceeding (i) with respect to a Pre-Closing Tax Period or Straddle Period or (ii) with respect to Taxes, which if pursued successfully would reasonably be expected to serve as a basis for an indemnity payment under Section 8.1(a) (a "Tax Claim"); provided, however, that the failure to give such notice will not affect Buyer's right to indemnification Section 8.1(a), except to the extent Sellers are actually prejudiced by such failure.

(b) In the case of a Tax Proceeding that relates to a Pre-Closing Tax Period or would reasonably be expected to serve as a basis for a Tax Claim (other than with respect to a Straddle Period), Sellers shall have the right, at their expense, to control the conduct of the Tax Proceeding; Buyer may also, at its expense, participate in, but not control, any such Tax Proceeding and, if Sellers do not assume the defense of such Tax Proceeding, Buyer at Sellers' expense, may defend the same in such manner as it may deem appropriate. In the case of a Tax Proceeding that relates to a Straddle Period, Buyer shall have the right, at its expense, to control the Proceeding; Sellers may also, at their expense, participate in, but not control, any such Proceeding and, if Buyer does not assume the defense of any such Proceeding, Sellers may defend the same in such manner as it may deem appropriate.

(c) Notwithstanding anything to the contrary in this Section 5.10, neither Buyer nor Sellers shall, and nor shall the parties cause the American Entities to, enter into any compromise or agree to settle any Tax Proceeding that relates to a Pre-Closing Tax Period or Straddle Period or would reasonably be expected to serve as a basis for a Tax Claim without the written consent of the other party, which consent may not be unreasonably withheld, conditioned or delayed.

(d) In the event of a conflict between this Section 5.10 and Section 8.2 (Procedure for Indemnification), this Section 5.10 shall apply.

Section 5.11 Employee Matters.

(a) Prior to the Closing, and in no event later than the date required under the applicable Company Employment Agreement, Sellers will cause the Company to timely and properly deliver to each employee of the Company listed on Schedule 5.11(a) written notice, in form and substance acceptable to Buyer, of the Company's desire not to allow the automatic renewal of such employee's Company Employment Agreement (as listed on Schedule 5.11(a)), and will otherwise take such actions in order to cause the applicable Company Employment Agreement for each such employee to expire at the end of its current term (as listed on Schedule 5.11(a)).

(b) (i) Sellers and Buyer shall take such actions as may be required to permit employees of the American Entities to effect a participant directed rollover of their balances, including any outstanding loan balances, under the American Entities Plans into the plan (or plans) of Buyer under which such employee is eligible to participate, in accordance with the terms of such plans and applicable Laws.

(ii) At Closing, Sellers will cause each employee of the American Entities with an account balance or accrued benefit under an American Entities Plan to become one hundred percent (100%) fully vested in their account balance or accrued benefit under such American Entities Plan.

Section 5.12 Release by Sellers.

(a) Effective as of the Closing Date, each Seller, on his or its own behalf and on behalf of his or its assigns, successors, heirs and legal representatives and any and all Persons or entities claiming by or through any of the foregoing (collectively, the “**Seller Releasing Parties**”), hereby irrevocably and forever waives, discharges, releases and gives up any and all Released Claims (as defined below) against each of the American Entities and Buyer and each of their respective past, present and future managers, officers, directors and members, equity holders, agents, attorneys and employees, and the respective personal representatives, successors, assigns, heirs, agents and Affiliates of each of the foregoing (collectively, the “**Buyer Released Parties**”), which such Seller Releasing Parties ever had, now have or hereafter can, shall or may have against the Buyer Released Parties.

(b) For purposes hereof, “**Released Claims**” means any and all claims, debts, liabilities, obligations, Liens, dues, demands, damages, losses, actions, causes of action, rights, suits, judgments, costs and expenses of whatever nature or character, charges, accounts, covenants, controversies, contracts, agreements and promises of any kind, known or unknown, suspected or unsuspected, accrued or unaccrued, matured or unmatured, absolute or contingent, determined or speculative, both in Law and in equity, arising out of or related to any matter, event, fact, act, omission, cause or thing which existed, arose, or occurred on or prior to the Closing Date; provided, however, that (i) the Released Claims shall not include any obligations or Liabilities of the Buyer Released Parties to the Seller Releasing Parties arising under this Agreement or any Transaction Document and (ii) the foregoing release does not apply to any accrued compensation, benefits or similar obligations incurred in the ordinary course of business consistent with past practices.

(c) By executing this Agreement, Seller Releasing Parties will be entering into a binding agreement with the Buyer Released Parties, and will be agreeing to the terms and conditions set forth herein. The provisions of this Section 5.12 shall apply even if such Released Claims were caused, in whole or in part, by any act, omission, negligence, gross negligence, breach of contract, intentional conduct, violation of statute or common law, fraud, breach of warranty, tort or conduct of any type by any of the Buyer Released Parties. The release contained in this Section 5.12 shall preclude the Seller Releasing Parties from bringing or prosecuting any Released Claim against any future successor or assign of any Buyer Released Party.

(d) Each Seller, on his or its own behalf and on behalf of the other Seller Releasing Parties, understands and acknowledges that he or it may discover facts different from, or in addition to, those which he knows or believes to be true with respect to any Released Claim, and agrees that this Section 5.12 shall be and remain effective in all respects notwithstanding any subsequent discovery of different and/or additional facts. For the purpose of implementing a full and complete release, each Seller expressly acknowledges that the

releases such Seller gives under this Section 5.12 are intended to include, without limitation, Released Claims that such Seller did not know or suspect to exist in such Seller's favor as of the Closing Date, and that the consideration given by Buyer under this Agreement and the Transaction Documents is also for the release of such Released Claims and contemplates the extinguishment of any such unknown Released Claims.

(e) Each Seller, on his or its own behalf and on behalf of the other Seller Releasing Parties, hereby irrevocably covenants to refrain from asserting or assisting in the assertion of any claim or demand, or commencing, instituting or causing to be commenced, any proceeding of any kind against any of the Buyer Released Parties based upon any Released Claim, unless compelled by subpoena or otherwise under applicable Law.

Section 5.13 Organizational Documents. Sellers will use good faith efforts to cooperate with Buyer to cause the Organizational Documents for Buyer (including its by-laws) and for the American Entities (including their respective operating agreements) to be amended and restated effective as of Closing in their entirety to the satisfaction of Buyer and, if necessary, as approved by the Pennsylvania Department. Satisfaction of Buyer must be evidenced in writing by a majority vote of the MAC.

Section 5.14 Transition Services. Duane Morris shall provide to the Company the services set forth in Schedule 5.14 from and after the Closing Date until August 31, 2014 (the "**Transition Period**") and on the terms and for the amounts set forth therein; provided, however that any of the services listed on Schedule 5.14 are terminable by the Company on fifteen (15) days' prior written notice to Duane Morris or such shorter notice as may be agreed to by Duane Morris and the Company.

Section 5.15 Office Space License.

(a) The American Entities shall be granted and, effective as of the commencement of the Transition Period, does hereby grant, an exclusive license (the "**License**") by Duane Morris for the use of office space located at 30 South 17th Street, 11th Floor, Philadelphia, PA 19103 (the "**Building**"), consisting of two (2) partner offices, four (4) associate offices and three (3) cubicles as shown on the plan attached hereto as Annex 1 (the "**Office Space**") for a monthly rate of \$11,100, which shall be due within fifteen (15) days of invoice. The License shall automatically terminate upon the earlier of (i) the expiration or earlier termination of the Transition Period and (ii) fifteen (15) days following the Company's delivery of written notice of termination of the License to Duane Morris. In the event that the American Entities require additional space, Duane Morris will use good faith efforts to accommodate such requirements for a monthly rate consistent with the amount charged for the initial Office Space and the parties shall discuss in good faith any appropriate adjustment to the costs of the Transition Services as a result of additional employees. Duane Morris reserves the right, at Duane Morris' sole expense, at any time and from time to time, on not less than ten (10) days' prior written notice, to relocate the American Entities to different offices in the Building of approximately the same square footage as the initial Office Space.

(b) The American Entities acknowledge that (i) they have inspected and accepts the Office Space in its "as is" condition and (ii) the Office Space is in satisfactory

condition. Duane Morris shall have no obligations to make any changes to the Office Space or the improvements located therein either before the American Entities' occupancy or at any time during the Transition Period. The Company shall be responsible for any damage done to any of the Office Space or any improvements located in the Office Space or which occurs during the Transition Period, except to the extent caused by Duane Morris, the Building's owners or management company, and/or any of their respective agents or employees. At the expiration or earlier termination of the License, the American Entities shall leave the Office Space in the same condition as on the first day of the Transition Period, reasonable wear and tear excepted. Any personal property of the American Entities that is left in the Office Space after the expiration or earlier termination of the License shall, at the option of Duane Morris, become Duane Morris' property or be removed at the cost of the Company.

(c) Subject to the terms of this Section 5.15 and any reasonable rules, regulations or restrictions imposed by Duane Morris, the American Entities and their respective employees and guests shall be permitted to use, in common with Duane Morris and its employees and guests, the rest rooms, hallways, corridors and other common areas of the Building (the "**Common Areas**") as are reasonably required for the American Entities' use of and access to the Office Space. The American Entities, subject to availability, shall have access to and use of conference rooms in the Building consistent with the past practice of the Business. The American Entities shall have access to and use equipment of Duane Morris in the Building consistent with the past practice of the Business, including, without limitation, all equipment reasonably necessary or required to operate the Business and to utilize the Transition Services. As between Duane Morris and the American Entities, they shall allocate liability in good faith among themselves for any damage to such equipment resulting from use, reasonable wear and tear excepted. Duane Morris will provide the Company with written notice no later than three (3) business days from the occurrence of any damage to such equipment, if and to the extent Duane Morris intends to allocate any related liability to the American Entities.

(d) Duane Morris agrees that the American Entities have the right to receive standard services, including, without limitation, janitorial, HVAC, security, electrical and other similar services (the "**Supporting Office Services**") in respect of the Office Space in a manner that is consistent with past practice. Consistent with past practices, there shall not be any additional charge for the Supporting Office Services. The Company shall name Duane Morris as an additional insured under the Company's general liability insurance policy, and, upon the commencement of the Transition Period, shall deliver to Duane Morris a certificate of insurance evidencing such insurance and, thereafter, shall provide evidence of continuing coverage at least thirty (30) days prior to the expiration of any existing insurance.

(e) The American Entities shall use and occupy the Office Space solely for the conduct of the Business, in substantially the same manner previously used for operation of the Business prior to the date hereof, and in material compliance with all applicable Laws.

(f) The American Entities shall make no material alterations or additions to the Office Space without prior written consent of Duane Morris.

(g) The license granted by Duane Morris hereby shall not grant any estate or proprietary interest in the Office Space and, without limiting the generality of the foregoing, the

American Entities shall have no rights under the primary lease for the Office Space, including any assignment or subletting, extension, renewal, first offer or purchase rights; provided that Duane Morris shall be responsible for the failure of the landlord to the primary lease for the Office Space to provide any services, utilities or access to the Office Space while in use by the American Entities.

(h) The American Entities shall not assign the License and shall not sublet or permit the occupancy or use of the Office Space by any Person other than the American Entities and their respective employees and guests.

(i) If Duane Morris shall be subject to any claim, demand, or penalty, or become a party to any suit, of claimed act or omission by the American Entities, or their employees or agents, by reason of any act or omission of the American Entities or their employees or agents occurring within or about the Building (including the Office Space), the Company shall indemnify and hold Duane Morris harmless against all judgments, settlements, penalties, and expenses (including but not limited to reasonable attorneys' fees, court costs, and other expenses of litigation or administrative proceedings) incurred by or imposed upon Duane Morris in connection with the defense relating to such claim or litigation or administrative proceeding, and, at the election of Duane Morris, the Company shall also defend Duane Morris. The Company shall also pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by Duane Morris in enforcing any of the agreements set forth in this Section 5.15.

(j) If the American Entities shall be subject to any claim, demand, or penalty, or become a party to any suit, of claimed act or omission by Duane Morris, or its employees or agents, by reason of any act or omission of Duane Morris or its employees or agents occurring at the Building (including the Office Space), Duane Morris shall indemnify and hold the American Entities harmless against all judgments, settlements, penalties, and expenses (including but not limited to reasonable attorneys' fees, court costs, and other expenses of litigation or administrative proceedings) incurred by or imposed upon the American Entities in connection with the defense relating to such claim or litigation or administrative proceeding, and, at the election of the Company, Duane Morris shall also defend the American Entities. Duane Morris shall also pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the American Entities in enforcing any of the agreements set forth in this Section 5.15.

(k) The American Entities shall not be entitled to have any signage on or about the Office Space or the Building in connection with the American Entities' occupancy of the Office Space.

(l) So long as the American Entities occupy the Office Space, neither the American Entities nor Duane Morris will have access or seek to access the files, documents, information and records (including physical and electronic records in any medium, such as physical, optical, audio or electronic) of the other or the other's clients (collectively "**Information**"). Each of the American Entities and Duane Morris will use its reasonable efforts to respect and maintain the confidentiality of the Information of the other and to ensure that the other does not have access such Information. In particular, (i) the American Entities shall not

enter any offices, conference rooms or other space or open or access any files, drawers or containers containing Duane Morris' Information, and (ii) Duane Morris shall not enter any offices, conference rooms or other space or open or access any files, drawers or containers containing the American Entities' Information. The American Entities and Duane Morris shall maintain as confidential and safeguard all access codes, keys, key cards and the like provided for use in conjunction with the Office Space, and the American Entities shall promptly surrender and/or cease use of same upon the expiration or earlier termination of the License. The American Entities' personnel having access to the Office Space shall be advised of and agree to comply with the confidentiality obligations set forth herein.

(m) The American Entities acknowledge that Duane Morris has a non-smoking policy which applies to the Building, including all of the Office Space. The American Entities agree to abide by that policy with respect to the American Entities' use of the Office Space and any Common Areas and to cause the American Entities' officers, directors, managers, members, partners, employees, agents and guests to abide by that policy.

(n) Duane Morris, in its sole and exclusive discretion, may license or sublease portions of the Building (other than the Office Space) to any party or parties. Duane Morris shall have the right to show the Office Space to prospective occupants at any time during the Transition Period, upon at least twenty-four (24) hours' prior written notice to the Company.

(o) The American Entities agree that (i) no action shall be brought against any partner of Duane Morris in his, her or its individual capacity for the payment of any sums owed by Duane Morris under the agreements contained in this Section 5.15 for the performance of any of the terms, covenants or conditions of Duane Morris contained in this Section 5.15, and (ii) the liability of Duane Morris under this in this Section 5.15 is limited solely to the assets of Duane Morris and there shall be no recourse to any of the assets or property of any of the partners of Duane Morris.

Article VI **RESTRICTIVE COVENANTS**

Section 6.1 Agreement Not to Compete.

(a) For a period of 3 years from the Closing Date, Wescott and Duane Morris LLP shall not, directly or by way of a subsidiary or any Affiliate, engage in (as a principal, shareholder, partner, member, manager, agent, consultant, promoter or otherwise), be financially interested in, or in any other capacity, own, manage, operate, join, control or participate in the ownership, management, operation or control of, or furnish any capital to or be connected in any manner with, any business in Delaware, Maryland, New Jersey, Pennsylvania or Virginia that conducts the Restricted Business. Nothing in this subsection (i) shall restrict (A) any partner of Duane Morris LLP, in his or her individual capacity and without any request from Duane Morris LLP, from any of the above actions including acting as a principal, shareholder, partner, member, manager, director, officer, agent, employee, consultant or otherwise of any entity that conducts the Restricted Business or (B) any attorney of Duane Morris LLP from providing legal advice, including to any entity that conducts the Restricted Business.

(b) Gaudiosi acknowledges and agrees that a material inducement to Buyer's consummation of the transactions contemplated by this Agreement is that Gaudiosi has agreed to the non-compete provision to be contained in Section 8 of the Gaudiosi Employment Agreement and the provisions of Section 8 of the Gaudiosi Employment Agreement are hereby expressly incorporated by reference in this Section 6.1(b).

Section 6.2 Non-Interference.

(a) For a period of 3 years from the Closing Date, each Seller shall not, on behalf of any business that is involved in the Restricted Business, directly or indirectly, (i) approach or solicit for business, accept business from, divert business from, or otherwise interfere with any Buyer Company's relationship with, any Person that: (A) has been or becomes a customer or exclusive vendor of Buyer or any other Buyer Company in the Restricted Business at any time during the period commencing one year prior to the Closing Date and ending on the 3rd anniversary of the Closing Date; or (B) to whom any Buyer Company had made a proposal during such period; or (ii) interfere with any Buyer Company's relationship with any Person that is a customer or vendor of Buyer or any other Buyer Company.

(b) For a period of 3 years from the Closing Date, each Seller shall not, directly or indirectly, (i) approach, solicit, or attempt to induce, any officer, employee, independent contractor or consultant of any Buyer Company to terminate or modify his or her employment or engagement with any Buyer Company or (ii) hire or engage any officer or employee, independent contractor or consultant of any Buyer Company or any Person who was an officer, employee, independent contractor or consultant of any Buyer Company during the 12 month period immediately preceding such hiring or engagement.

(c) Notwithstanding anything to the contrary in this Section 6.2, nothing herein is intended to prevent Etter from providing litigation support consulting services on medical matters in connection with medical professional liability claims.

Section 6.3 Company Confidential Information.

(a) Each Seller recognizes and acknowledges that such Seller has had access to certain Company Confidential Information. Each Seller expressly acknowledges that the Company Confidential Information is considered by Buyer to be unique assets, access to and knowledge of which are essential to preserve the goodwill and going business value of the Company, the AIF, HCP and Buyer and each of their respective existing and future subsidiaries and Affiliates (each of the foregoing, including, without limitation, Buyer and the Company, individually, a "**Buyer Company**"). In recognition of this fact, each Seller agrees that, from the Closing Date until the 5th anniversary of the Closing Date, such Seller will use good faith efforts to preserve, as confidential, all Company Confidential Information obtained by such Seller, and that such Seller will not, for any reason or purpose whatsoever, use, publish, remove, copy or disclose to any Person any of such Company Confidential Information without the express written authorization of Buyer.

(b) For purposes of this Agreement, "**Company Confidential Information**" shall mean any and all:

(i) information obtained by any Seller through such Seller's past or future affiliation with any Buyer Company, however documented (including oral disclosure), concerning any of the American Entities' or Buyer's business and affairs, including, without limitation: data, know-how, and ideas; customer and producer lists, contracts and billing histories; current and anticipated customer requirements; price and cost information; market studies; business plans and methods; computer software and programs; plans and projections for business opportunities for new or developing business; historical financial statements; financial projections and budgets; historical and projected sales; capital spending budgets and plans; the names and backgrounds of key personnel; commissions and salaries paid to personnel; personnel training and techniques and materials; and any other information, however documented (including oral disclosure), that any of the American Entities or Buyer treats or designates as confidential or proprietary information or that is a trade secret within the meaning of applicable trade secret law; and

(ii) notes, analyses, compilations, studies, summaries and other material prepared by or for any Buyer Company, containing or based on, in whole or in part, any information included in the foregoing.

(c) Notwithstanding the foregoing, Company Confidential Information shall not include information that is (A) in or becomes in the public domain other than as a result of a breach of this Section 6.3; (B) lawfully received by such Seller from a third party having a right to disclose it to the recipient; (C) subsequently and independently developed by representatives of such Seller who had no knowledge of the Company Confidential Information disclosed; (D) required to be produced by any Seller under order of a court of competent jurisdiction or a valid administrative or governmental subpoena or order; provided, however, that upon issuance of any such order or subpoena, such Seller shall promptly notify Buyer and shall provide Buyer with an opportunity (if then available) to contest the propriety of such order or subpoena or restrict or condition the disclosure of such Company Confidential Information (or to arrange for appropriate safeguards against any further disclosure by the court or administrative or other body seeking to compel disclosure of such Company Confidential Information), any of the foregoing in this proviso to be at Buyer's expense; or (E) disclosed in the course of any dispute with Buyer relating to the transactions contemplated in this Agreement.

Section 6.4 Severability and Reformation of Covenants. If any provision, paragraph or subparagraph of Section 6.1, Section 6.2 or Section 6.3 is adjudged to be void or unenforceable, in whole or in part, such adjudication shall not affect the validity of the remainder of Section 6.1, Section 6.2 or Section 6.3. In the event that any portion of Section 6.1, Section 6.2, or Section 6.3 should ever be adjudicated to exceed the time, geographic, service, or product limitations permitted by applicable law, then such provisions shall be deemed reformed to the maximum time, geographic, service, information or product limitations permitted.

Section 6.5 Extension of Restrictions. Each Seller agrees that, in the event that such Seller violates Section 6.1, Section 6.2 or Section 6.3, the period of the restriction violated by such Seller shall be extended for the period of time of such Seller's violation thereof.

Section 6.6 Equitable Relief and Damages. Each Seller acknowledges that the restrictions contained in Section 6.1, Section 6.2 or Section 6.3 to the extent applicable to such

Seller, are, in view of the premise for the acquisition of the AHPIS Interests and the nature of the business of the American Entities and Buyer, reasonable and necessary to protect the legitimate interests of the American Entities and Buyer and that any violation of any provisions of those paragraphs may result in irreparable injury to the American Entities and Buyer. Each Seller also acknowledges that the American Entities and Buyer shall be entitled to seek equitable relief, including without limitation, specific performance, temporary restraining orders, temporary and permanent injunctive relief, without the necessity of proving actual damages or posting a bond or other security. Seller agrees that the remedies available to Buyer as described herein are reasonable and appropriate in light of the foregoing.

Section 6.7 Assignment of Restrictions. Buyer shall have the right to assign its rights and those of the Company under this Article VI in connection with a merger involving Buyer, the Company or any of their Affiliates, or a sale or transfer of all, or substantially all, of the business and assets of Buyer, the Company or any of their Affiliates, provided that such successor, assignee or surviving entity assumes the obligations of Buyer under this Agreement, and each Seller agrees to be obligated by the terms of this Article VI to any successor, assignee or surviving entity.

Article VII

CONDITIONS PRECEDENT; CLOSING; CLOSING DELIVERIES

Section 7.1 Conditions to Obligations of Buyer. The obligations of Buyer to effect the purchase and sale of the AHPIS Interests and the other actions to be taken at the Closing are further subject to the satisfaction or waiver by Buyer of the following conditions:

(a) Representations and Warranties. The representations and warranties of Sellers set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing as though made at and as of the Closing, except (x) the representations and warranties in Section 2.1 and Section 2.2 shall be true and correct in all respects as of the date of this Agreement and as of the Closing as though made at and as of the Closing and (y) to the extent that any other representations and warranties of Seller are qualified by the term “material” or “Material Adverse Effect”, in which case such representations and warranties (as so written, including the term “material” or “Material Adverse Effect”) shall be true and correct in all respects at and as of the Closing; and Buyer shall have received a certificate from each Seller signed by such Seller or an executive officer or manager of such Seller, as applicable, to the effect set forth in this Section 7.1(a).

(b) Performance of Covenants and Obligations of Sellers. Each Seller shall have performed and complied with all of its covenants hereunder in all material respects through the Closing, except to the extent that such covenants are qualified by the term “material” or “Material Adverse Effect”, in which case such Seller shall have performed and complied with all of such covenants (as so written, including the term “material” or “Material Adverse Effect”) in all respects through the Closing; and Buyer shall have received a certificate from each Seller signed by such Seller or an executive officer or manager of such Seller, as applicable, to the effect set forth in this Section 7.1(b).

(c) Third Party Approvals. All (i) Necessary Permits and all approvals or authorizations from all Governmental Agencies required of Sellers and the American Entities set forth on Schedule 7.1(c); (ii) Necessary Permits and all approvals or authorizations from all Governmental Agencies required of Buyer set forth on Schedule 7.2(c); and (iii) approvals or authorizations from Persons other than Governmental Agencies set forth in Schedule 7.1(c) required of Sellers and the American Entities shall, in each case, have been duly obtained by Sellers, the American Entities and Buyer, respectively, and shall be in full force and effect.

(d) Exchange Approvals. All approvals required by Governmental Agencies subsequent to the date hereof of the members of Buyer or the members of the MAC, if any, shall have been duly obtained by Buyer, and shall be in full force and effect.

(e) No Actions. No Proceeding shall be pending or threatened before any Governmental Agency wherein an unfavorable Order would (i) prevent consummation of any of the transactions contemplated by any Transaction Document; (ii) cause any of the transactions contemplated by any Transaction Document to be rescinded following the Closing; (iii) adversely affect the right of Buyer to own the AHPIS Interests and to control any American Entity; or (iv) adversely affect the right of any American Entity to own its properties and assets and to operate its business (and, in each case, no such Order shall be in effect).

(f) Third-Party Indebtedness. Sellers shall have caused all Indebtedness of the American Entities and Buyer to be fully satisfied and paid in full on or before the Closing Date, and all related Liens shall have been released or terminated, to Buyer's reasonable satisfaction.

(g) Delivery of Documents. Sellers shall have delivered, or caused to be delivered, to Buyer each of the deliverables specified in Section 7.4.

Section 7.2 Conditions to Obligations of Sellers. The obligations of Sellers to effect the purchase and sale of AHPIS Interests and the other actions to be taken at the Closing are further subject to the satisfaction or waiver by Sellers of the following conditions:

(a) Representations and Warranties. The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing as though made at and as of the Closing, except to the extent that such representations and warranties are qualified by the term "material" or "Material Adverse Effect", in which case such representations and warranties (as so written, including the term "material" or "Material Adverse Effect") shall be true and correct in all respects as of the date of this Agreement and as of the Closing as though made at and as of the Closing, and Sellers shall have received a certificate from Buyer signed by the chairman of the MAC to the effect set forth in this Section 7.2(a).

(b) Performance of Covenants and Obligations of Buyer. Buyer shall have performed and complied with all of its covenants and obligations hereunder in all material respects through the Closing, except to the extent that such covenants and obligations are qualified by the term "material" or "Material Adverse Effect", in which case Buyer shall have performed and complied with all of such covenants and obligations (as so written, including the

term “material” or “Material Adverse Effect”) in all respects through the Closing; and Sellers shall have received a certificate from Buyer signed by the chairman of the MAC to the effect set forth in this Section 7.2(b).

(c) Third Party Approvals. All (i) Necessary Permits and all approvals or authorizations from all Governmental Agencies required of Sellers and the American Entities set forth on Schedule 7.1(c); (ii) Necessary Permits and all approvals or authorizations from all Governmental Agencies required of Buyer set forth on Schedule 7.2(c); and (iii) approvals or authorizations from Persons other than Governmental Agencies set forth in Schedule 7.1(c) required of Sellers and the American Entities shall, in each case, have been duly obtained by Sellers, the American Entities and Buyer, respectively, and shall be in full force and effect.

(d) Exchange Approvals. All approvals required by Governmental Agencies subsequent to the date hereof of the members of Buyer or the members of the MAC, if any, shall have been duly obtained by Buyer, and shall be in full force and effect.

(e) No Actions. No Proceeding shall be pending or threatened before any Governmental Agency wherein an unfavorable Order would (i) prevent consummation of any of the transactions contemplated by any Transaction Document; or (ii) cause any of the transactions contemplated by any Transaction Document to be rescinded following the Closing (and, in each case, no such Order shall be in effect).

(f) Delivery of Documents. Buyer shall have delivered, or caused to be delivered, to Sellers each of the deliverables specified in Section 7.5.

Section 7.3 Closing. Unless this Agreement shall have been terminated pursuant to Section 9.1, the consummation of the Purchase Transaction and the other transactions contemplated by this Agreement (the “Closing”) shall take place at 11:00 a.m. on the 2nd Business Day after the satisfaction or waiver of all of the conditions set forth in Section 7.1 and Section 7.2 has occurred, unless another date and time is agreed to in writing by the Parties, or the Parties agree that the Closing shall not be in-person but by teleconference with all deliverables pre-delivered to the counsel of the Parties and held in escrow. The actual date and time of Closing are herein referred to as the “Closing Date.”

Section 7.4 Sellers’ Deliveries. At the Closing, Sellers shall deliver or cause to be delivered to Buyer:

(a) A written receipt evidencing receipt by each Seller of payment and delivery by Buyer of the Cash Consideration.

(b) Certificates, if any, representing all of the AHPIS Interests, duly endorsed in blank or accompanied by separate powers sufficient for the transfer of all of Sellers’ right, title and interests in the AHPIS Interests to Buyer.

(c) Copies (or other reasonable evidence) of all Necessary Permits and or approvals or authorizations of, filings or registrations with, or notifications to, all Persons required to be obtained, filed or made by Sellers or the American Entities in satisfaction of Section 7.1(c).

- (d) The certificates contemplated in Section 7.1(a) and Section 7.1(b).
- (e) Written resignations of the managers and officers of the American Entities, as set forth on Schedule 7.4(e).
- (f) A copy of the resolutions, in form and substance satisfactory to counsel to Buyer, of the members and managers of Wescott, as appropriate, authorizing the execution, delivery and performance of this Agreement and the Transaction Documents, certified by the Secretary of such Seller as of the Closing Date, which certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.
- (g) A certificate of the Secretary of Wescott, dated as of the Closing Date, as to the incumbency and signatures of the officers, if any, of such Seller executing this Agreement and the Transaction Documents, together with evidence of the incumbency of such Secretary.
- (h) A certificate of the Secretary of Wescott, dated as of the Closing Date, certifying that true and complete copies as in effect on the Closing Date of (i) the Company's Certificate of Formation is attached thereto, (ii) each of the American Entities' limited liability company agreement is attached thereto, and (iii) Buyer's Organizational Documents.
- (i) Good standing certificates for each American Entity issued by the Secretary of State of Delaware, dated as of a date that is within 10 days of the Closing Date, and a good standing certificate or its equivalent issued by the secretary of state of each jurisdiction in which each American Entity is qualified to do business as a foreign organization, dated as of a date that is within 15 days of the Closing Date.
- (j) Certificates of compliance from the insurance departments of the State of Delaware, the State of Maryland and the State of New Jersey, for Buyer, each dated as of a date that is within 10 days of the Closing Date.
- (k) A certificate dated as of the Closing Date certifying that Sellers and the American Entities are not "foreign persons" within the meaning of Section 1445 of the Code, in a form reasonably satisfactory to Buyer.
- (l) The Gaudiosi Employment Agreement signed by Gaudiosi and the Company.
- (m) All such additional instruments, documents and certificates provided for by this Agreement or as may be reasonably requested by Buyer in connection with the consummation of the transactions contemplated by this Agreement.

Section 7.5 Buyer's Deliveries. At the Closing, Buyer shall deliver or cause to be delivered to Sellers:

- (a) The Cash Consideration in accordance with Section 1.2.
- (b) The Surplus Notes, with such modifications or additions as required by the Pennsylvania Department, duly executed by Buyer.

(c) The certificates contemplated in Section 7.2(a) and Section 7.2(b).

(d) A copy of the resolutions, in form and substance satisfactory to counsel to Sellers, of the members of Buyer or the members of the MAC, as required, authorizing the execution, delivery and performance of this Agreement and the Transaction Documents, certified by the Chairman of the MAC as of the Closing Date, which certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(e) All such additional instruments, documents and certificates provided for by this Agreement or as may be reasonably requested by Sellers in connection with the consummation of the transactions contemplated by this Agreement.

Article VIII **INDEMNIFICATION**

Section 8.1 Indemnification.

(a) Upon the terms and subject to the conditions of this Article VIII, Sellers agree to, jointly and severally, indemnify and reimburse Buyer and, from and after the Closing Date, the American Entities, and each of their respective Affiliates, successors and assigns, and their respective present and future members, stockholders, partners, directors, managers, officers, agents and employees (collectively, the “**Buyer Group**”) from and against all claims, actions or causes of action, suits, proceedings, demands, assessments, liabilities, settlements, judgments or judicial or arbitration compromises (whether voluntary or involuntary), losses, deficiencies, damages, refunds, Taxes, interests, fines, penalties, costs, expenses, obligations or responsibilities, including, but not limited to, reasonable attorneys’ fees and court costs (hereinafter collectively referred to as “**Damages**”), as asserted against, imposed upon or incurred by any member of the Buyer Group to the extent such Damages result from:

(i) any misrepresentation or breach of warranty made by any Seller pursuant to this Agreement;

(ii) any non-fulfillment of any covenant or agreement to be performed by any Seller pursuant to this Agreement;

(iii) any and all Taxes arising out of or attributable to any Pre-Closing Tax Period (including the portion of any Straddle Period allocable to the Pre-Closing Tax Period) owed by the American Entities or with respect to their assets or operations; and any and all Taxes of any Person imposed on the American Entities as a transferee or successor, by contract, pursuant to any Law or otherwise (other than Taxes of a Post Closing Tax Period for which the American Companies would be responsible under any lease arrangement, e.g., triple net lease), which Taxes relate to an event or transaction occurring or contract entered into before the Closing Date;

(iv) any amount of management fees paid under the Management Agreement that become refundable by the AIF to Buyer as a result of cancellation of insurance coverage under insurance policies issued by Buyer and in effect as of the Closing Date;

- (v) amounts due under Section 1.3(c) for any Cash Shortfall; or
- (vi) any and all liabilities arising under any Plans and any of Seller's employee benefit plans, programs and arrangements.

Notwithstanding the foregoing, any breach of the representations and warranties in Section 2.2, Section 2.3 and Section 2.4 or the provisions of Article VI with respect to a particular Seller shall not result in joint and several liability and shall instead be a liability solely of such Seller that breached the representation and warranty.

(b) Upon the terms and subject to the conditions of this Article VIII, Buyer agrees to indemnify Sellers and each of their respective Affiliates, successors and assigns and their respective present and future stockholders, partners, members, directors, managers, owners, officers, agents and employees (collectively, "**Seller Group**") from and against all Damages as asserted against, imposed upon or incurred by any member of the Seller Group to the extent such Damages result from:

(i) any misrepresentation or breach of warranty made by Buyer pursuant to this Agreement;

(ii) any non-fulfillment of any covenant or agreement to be performed by Buyer pursuant to this Agreement; or

(iii) any and all Taxes arising out of or attributable to any Post Closing Tax Period (including the portion of any Straddle Period allocable to the Post Closing Tax Period) owed by the American Entities or with respect to their assets or operations; and any and all Taxes of any Person imposed on the American Entities as a transferee or successor, by contract pursuant to any Law or otherwise, which Taxes relate to an event or transaction occurring or contract entered into on or after the Closing Date.

(c) Any member of the Buyer Group or Seller Group entitled to indemnification pursuant to Section 8.1(a) or Section 8.1(b) is hereinafter sometimes referred to as an "**Indemnified Party**," and the "**Indemnifying Party**" shall be (i) Sellers, with respect to claims for indemnity by the Buyer Group under Section 8.1(a), and (ii) Buyer, with respect to claims for indemnity by Sellers under Section 8.1(b).

Section 8.2 Procedure for Indemnification.

(a) Upon obtaining actual knowledge of any item of Damages not involving a Third Party Claim, the Indemnified Party shall, as promptly as practicable following the date the Indemnified Party has obtained such actual knowledge, give written notice of such claim for which indemnification is sought pursuant to Section 8.1 (each, a "**Claim**") to the Indemnifying Party, but, subject to Section 8.3(a), no failure to give such notice shall relieve the Indemnifying Party of any liability hereunder (except to the extent the Indemnifying Party has suffered actual prejudice thereby). The Indemnified Party, at its cost, shall furnish to the Indemnifying Party in good faith and in reasonable detail such information as the Indemnified Party may have with respect to such Claim (including copies of any applicable invoice, billing or other document evidencing or asserting the same).

(b) Promptly after receipt by an Indemnified Party of notice of the commencement of any action, suit or proceeding involving a Claim by a third party (each, a “Third Party Claim”) against it, such Indemnified Party will give written notice to the Indemnifying Party of the commencement of such Third Party Claim, and, at its cost, shall give the Indemnifying Party such information with respect thereto as the Indemnifying Party may reasonably request, but, subject to Section 8.3(a), no failure to give such notice shall relieve the Indemnifying Party of any liability hereunder (except to the extent the Indemnifying Party has suffered actual prejudice thereby). The Indemnifying Party shall have the right, but not the obligation, to assume the defense and control the settlement of such Third Party Claim, at the Indemnifying Party’s sole cost and expense (and not as a reduction in the amount of indemnification available under Sections 8.1(a) or 8.1(b), as the case may be), using counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party; provided, however, that the Indemnifying Party establishes to the reasonable satisfaction of the Indemnified Party that such Third Party Claim plus all other pending Claims and Third Party Claims will not be reasonably expected to exceed the Indemnifying Party’s applicable limitations on indemnification set forth in Section 8.3. If the Indemnifying Party satisfies the requirements of this Section 8.2(b) and desires to exercise its right to assume the defense and control the settlement of such Third Party Claim, the Indemnifying Party shall give written notice (the “Notice”) to the Indemnified Party within 20 days of receipt of written notice from the Indemnified Party of the commencement of or assertion of any Third Party Claim stating that the Indemnifying Party shall assume the defense and control of such Third Party Claim. In addition, if the Indemnifying Party fails to give the Indemnified Party the Notice in accordance with the terms of this Section 8.2(b), the Indemnified Party shall have the right to assume control of the defense of and settle the Third Party Claim and, to the extent the Indemnified Party is finally determined to be entitled to indemnification for Damages suffered in connection with such Third Party Claim, all costs incurred in connection therewith shall constitute additional Damages of the Indemnified Party. In any such case specified in the foregoing two sentences, the Indemnifying Party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for the Indemnified Party.

(c) If at any time after the Indemnifying Party assumes the defense of a Third Party Claim, any of the conditions set forth in Section 8.2(b) above are no longer satisfied, the Indemnified Party shall have the same rights as set forth above as if the Indemnifying Party had never assumed the defense of such claim.

(d) Notwithstanding the foregoing, the Indemnifying Party or the Indemnified Party, as the case may be, shall have the right to participate, at its own expense, in the defense of any Third Party Claim that the other party is defending.

(e) If the Indemnifying Party assumes the defense of any Third Party Claim in accordance with the terms of Section 8.2(b), the Indemnifying Party shall have the right, upon reasonable prior written notice to the Indemnified Party, to consent to the entry of judgment with respect to, or otherwise settle such Third Party Claim; provided, however, that with respect to such consent to the entry of judgment or settlement, the Indemnified Party will not have any liability and will be fully indemnified with respect to Damages related to such Third Party Claim

as provided herein. Notwithstanding the foregoing, the Indemnifying Party shall not have the right to consent to the entry of judgment with respect to, or otherwise settle a Third Party Claim without the prior consent of the Indemnified Party, not to be unreasonably withheld or delayed if (i) the judgment or settlement of such Third Party Claim involves equitable or other non-monetary damages or relief, or (ii) in the reasonable judgment of the Indemnified Party, any settlement for solely money damages would have a continuing material adverse effect on the Indemnified Party's business (including any material impairment of its relationships with customers and suppliers), without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed. The Indemnified Party shall have the sole and exclusive right to settle any Third Party Claim for which it has assumed the defense and control of the settlement on such terms and conditions as it deems reasonably appropriate if such Third Party Claim involves only equitable or other non-monetary relief; provided, however, that if such settlement purports to impose equitable or other non-monetary relief on the Indemnifying Party, then the Indemnified Party shall not settle such Third Party Claim without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. The Indemnified Party shall have the right to settle any Third Party Claim for which it has assumed the defense and control of the settlement involving monetary damages with the consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

(f) Whether or not the Indemnifying Party chooses to defend or prosecute any Third Party Claim, all the Parties shall cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith.

(g) Any disputes as to the amounts of Damages or entitlement to indemnification under this Article VIII shall be resolved pursuant to Section 10.11.

Section 8.3 Limitation of Indemnification Obligations.

(a) Notification. No Indemnifying Party hereto shall have any obligation under Section 8.1 with respect to any Claim or Third Party Claim relating to a breach of a representation or warranty hereunder unless such Indemnifying Party is notified of such Claim or Third Party Claim on or before the expiration of the survival period of the underlying representation or warranty as set forth in Article IV.

(b) Threshold for Certain Claims.

(i) Sellers will have no obligation to indemnify the Buyer Group under Section 8.1(a) with respect to misrepresentations or breaches of warranties until the aggregate amount of all Damages incurred or suffered with respect to all such Claims or Third Party Claims under Section 8.1(a) exceed \$114,000 in the aggregate (the "**Threshold Amount**"), and, once the Threshold Amount has been reached, then the Buyer Group shall be entitled to indemnification for any Damages in excess of the Threshold Amount; provided, however, that the Threshold Amount shall not apply to any Damages incurred or suffered by the Buyer Group with respect to Damages related to a Non-Cap Claim and to any Damages claimed under Section 8.1(a)(ii), Section 8.1(a)(iii), Section 8.1(a)(iv) and Section 8.1(a)(v).

(ii) Buyer will have no obligation to indemnify the Seller Group under Section 8.1(b) with respect to misrepresentations or breaches of warranties until the aggregate amount of all Damages incurred or suffered with respect to all such Claims or Third Party Claims under Section 8.1(b) exceed the Threshold Amount in the aggregate, and, once the Threshold Amount has been reached, then the Seller Group shall be entitled to indemnification for any Damages in excess of the Threshold Amount; provided, however, that the Threshold Amount shall not apply to any Damages incurred or suffered by the Seller Group with respect to Damages related to a Seller Non-Cap Claim and to any Damages claimed under Section 8.1(b)(ii) and Section 8.1(b)(iii).

(c) Indemnification Limitations for Certain Claims.

(i) Subject to Section 8.3(d) below, the maximum aggregate amount of Damages for which indemnification is required to be made shall be, in the case of Section 8.1(a) with respect to misrepresentations or breaches of warranties by Sellers (other than with respect to Non-Cap Claims or with respect to any Damages claimed under Sections 8.1(a)(ii), (iii), (iv) and (v) which shall be limited to no more than the Purchase Price), 25% of Purchase Price; provided, however, the foregoing limitations shall not apply to Damages suffered by the Buyer Group as a result of misrepresentations or breaches of warranties contained in Section 2.2, Section 2.3, Section 2.20(a) and Section 2.28 (each, a “**Non-Cap Claim**”).

(ii) Upon determination of Sellers’ liability under Section 8.1(a)(iv), Buyer shall first seek payment for its Damages by means of set off of any such Damages against any amounts due and owing under the Surplus Notes, in which case, the amount of such Damages shall automatically reduce the principal amount of the Surplus Notes, pro rata among Sellers based on the percentages set forth on Schedule 1.2(b), with such reductions to be applied first to the 2016 Surplus Notes, and then to the 2015 Surplus Notes. To the extent any Damages under Section 8.1(a)(iv) exceed the aggregate principal amounts under the Surplus Notes, then Buyer shall have the right to seek recourse directly against Sellers jointly and severally.

(iii) Notwithstanding anything in this Agreement to the contrary, the maximum aggregate amount of Damages for which indemnification is required to be made shall be, in the case of Section 8.1(b) with respect to breaches of warranties by Buyer, 25% of Purchase Price; provided, however, the foregoing limitation shall not apply to Damages suffered by the Seller Group as a result of misrepresentations or breaches of warranties contained in Section 3.2 or Section 3.5 (each, a “**Seller Non-Cap Claim**”).

(d) Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge and agree that, in the event of fraud or intentional misrepresentation, nothing in this Agreement shall limit (i) any party’s rights or (ii) the amount of Damages recoverable by a party against the party committing such fraud, intentional misrepresentation or bad faith.

Section 8.4 Determination of Damages. The amount of any Damages subject to indemnification under Section 8.1 shall be calculated net of any insurance proceeds (net of direct collection expenses) or any indemnity, contribution or other similar payment received by the Indemnified Party from any third party with respect thereto. The Indemnified Party shall seek full recovery under all insurance policies covering any Damages to the same extent as they

would if such Damages were not subject to indemnification hereunder. In the event that an insurance or other recovery is made by any Indemnified Party with respect to any Damages for which any such Person has been indemnified hereunder, then a refund equal to the aggregate amount of the recovery shall be made promptly to the Indemnifying Party. The Indemnifying Party shall be subrogated to all rights of the Indemnified Party and their Affiliates in respect of any Damages indemnified by the Indemnifying Parties.

Section 8.5 Exclusive Remedy. Notwithstanding any other provision of this Agreement to the contrary, except as expressly provided otherwise, this Article VIII shall be the sole and exclusive remedy of any Indemnified Party from and after the Closing Date for any claims arising under this Agreement, including claims of inaccuracy in or breach of any representation or warranty (other than claims under Article VI); provided, however, that the foregoing sentence shall not be deemed a waiver by any party of any right to specific performance or injunctive relief, or any right or remedy arising by reason of any claim of fraud, intentional misrepresentation or willful misconduct with respect to this Agreement or any of the other Transaction Documents.

Article IX TERMINATION PRIOR TO CLOSING

Section 9.1 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing:

(a) by Sellers or Buyer in writing, if any Order shall have been issued and shall have become final and nonappealable, or if any statute shall have been enacted, or if any rule or regulation shall have been promulgated by any Governmental Agency, that prohibits or restrains such Parties or Party from consummating the transactions contemplated by this Agreement, and the Parties or Party seeking to terminate this Agreement pursuant to this Section 9.1(a) shall have used commercially reasonable efforts to cure such condition affecting such Party;

(b) by Sellers or Buyer in writing, if the Closing has not occurred on or prior to August 31, 2014 (the "Termination Date"); provided, however, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to a Party or Parties whose failure to fulfill any obligation under this Agreement has been the cause of or resulted in the failure of the Closing to occur on or before such date;

(c) by Sellers or Buyer in writing, if there shall have been a breach by Buyer or Sellers, respectively, of any of their respective representations, warranties, covenants or obligations contained herein, which breach would result in the failure to satisfy any condition set forth in Section 7.1 or Section 7.2, and in any such case such breach shall be incapable of being cured or, if capable of being cured, shall not have been cured on or prior to the earlier of (x) the Termination Date and (y) the thirtieth (30th) calendar day following receipt of written notice thereof by the Party or Parties alleged to be in breach; provided, however, that the right to terminate this Agreement under this Section 9.1(c) shall not be available to a Party or Parties who shall then be in breach of this Agreement, which breach would result in the failure to satisfy any condition set forth in Section 7.1 or Section 7.2; or

(d) at any time prior to the Closing, by written consent among Sellers and Buyer (including approval of the Executive Committee of the MAC).

Section 9.2 Effect of Termination; Survival. In the event of termination of this Agreement as provided in Article IX:

(a) this Agreement shall forthwith become void and there shall be no liability on the part of any Party except under the provisions of any Section of this Agreement which, by its express provisions, survives the termination of this Agreement, or the survival of which is necessary to fulfill the intended effect of any other Section which, by its express provisions, survive the termination of this Agreement; and

(b) all filings, applications and other submissions made pursuant to the transactions contemplated by this Agreement shall, to the extent practicable, be withdrawn from the Governmental Agency or other Person to which made.

Article X **GENERAL**

Section 10.1 Entire Agreement; Amendment. This Agreement and the Transaction Documents contain the entire agreement of the Parties with respect to the subject matters hereof and thereof and supersede all prior agreements and understandings, whether oral or written, of the Parties relating thereto. This Agreement may only be amended by a writing signed by the Parties, and any such amendment shall be binding upon Buyer if and only if such amendment is approved in writing by (a) a majority vote of the MAC, (b) Buyer's Board or (c) at least a two-thirds (2/3) vote of the disinterested members of the Company's Board, including at least two-thirds (2/3) of Board Subscribers. Except as provided in Article VI or Article VIII, this Agreement is solely for the benefit of the Parties and their respective successors, legal representatives, heirs and permitted assigns and does not confer on any other Person any rights or remedies hereunder. The provisions of Article VI and Article VIII may be enforced by the beneficiaries thereof.

Section 10.2 Assignment. This Agreement shall inure to the benefit of, and be binding upon and enforceable by, the Parties and their respective successors, legal representatives, heirs and permitted assigns. Except as provided in Section 6.6, none of the Parties shall assign or delegate their respective rights or obligations under this Agreement in whole or in part without the prior written consent of the other Parties in their sole discretion. Any assignment or attempted assignment of this Agreement in violation of the terms of this Section 10.2 shall be void *ab initio*.

Section 10.3 Notices. All notices, requests, demands, waivers, consents, approvals, payments or other communications which are required by or permitted hereunder shall be in writing and be deemed delivered (a) upon receipt, if by hand delivery, (b) upon transmission, if sent by facsimile with confirmation of receipt during normal business hours for the recipient or on the next Business Day if sent after normal business hours for the recipient, (c) the next Business Day, if sent by a reputable overnight courier service such as FedEx or DHL, or

(d) on the 5th day following deposit in the United States mail, certified, postage prepaid, return receipt requested addressed as follows:

If to Buyer: Healthcare Providers Insurance Exchange
c/o Mark W. Cooper, MD
107 Strawbridge Court
Wynnewood, PA 19096

With a copy to: Cozen O'Connor
1900 Market Street
Philadelphia, PA 19103
Attn: James Potts, Esq.
Fax No.: 215-701-2102

If to Sellers: Wescott Holding Company, LLC
c/o Duane Morris LLP
30 S. 17th Street
Philadelphia, PA 19103
Attn: John J. Soroko
Fax No: 215-689-3449

Thomas S. Gaudiosi
15 Willow Pond Road
Malvern, PA 19355

Mark Etter
1145 Herkness Drive
Meadowbrook, PA 19046

With a copy to: Duane Morris LLP
30 S. 17th Street
Philadelphia, PA 19103
Attn: Richard L. Cohen
Fax No: 215-689-1982

Any Party may alter the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section 10.3 for the giving of notice.

Section 10.4 Indulgences, Etc. Neither the failure nor any delay on the part of any party to exercise any right, remedy, power or privilege under this Agreement or any of the Transaction Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege or any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence.

Section 10.5 Joint Drafting. This Agreement is the result of the joint efforts of the Parties and each provision has been subject to the joint negotiation and agreement of the Parties and there shall be no construction against any Party based on any presumption of that Party's involvement in the drafting of this Agreement.

Section 10.6 Disclosure Schedules. The Schedules are arranged in Sections corresponding to the numbered and lettered Sections and subsections contained in this Agreement, and the disclosures in any Section or subsection of the Schedules shall qualify other Sections and subsections of this Agreement to the extent the applicability of the disclosures to other non-referenced Sections or subsections is reasonably apparent. Disclosure of any information or document therein is not a statement or admission that it is material or required to be disclosed herein. The Schedules shall in all respects constitute a part of the representations and warranties of Sellers.

Section 10.7 Provisions Several. The provisions of this Agreement are independent of and several from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

Section 10.8 Headings. The paragraph headings in this Agreement are for convenience only; the paragraph headings form no part of this Agreement and shall not affect its interpretation.

Section 10.9 Gender, Etc. Words used herein regardless of the number and gender specifically used shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

Section 10.10 Governing Law. All questions relating to the validity, construction and interpretation of this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to the choice-of-law rules of this or any other jurisdiction to the contrary.

Section 10.11 Jurisdiction. In the event of any dispute arising under this Agreement, the disputing parties shall attempt to resolve the dispute through direct negotiation with each other. If the dispute is not resolved within 3 weeks after a demand for direct negotiation, either Buyer or Sellers may elect to bring an action in a court of competent jurisdiction as set forth in this Section 10.11. All actions arising out of or relating to this Agreement and to the other transactions contemplated hereby shall be heard and determined exclusively in any state or federal court sitting in the City of Philadelphia, Pennsylvania. By execution and delivery of this Agreement, each of the Parties accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each of the Parties irrevocably (a) consents to the service of process of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by certified mail, postage prepaid, to the Party at its address set forth in Section 10.3, and (b) waives, and agrees not to assert by way of motion, defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient form, that the venue

of action is improper, or that this Agreement or the transactions contemplated hereby may not be enforced in any or by any of the aforementioned courts. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 10.12 Further Assurances. Each of the Parties shall execute all such certificates and other documents and shall do all such other acts as deemed appropriate to comply with any Laws and third-party requests relating to the Purchase Transaction or the intent and purposes of this Agreement.

Section 10.13 Counterparts. This Agreement may be executed in any number of counterparts (whether facsimile or original), each of which shall be deemed to be an original as against any Party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

Section 10.14 Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to create any third party beneficiaries, except as provided in Article VI and Article VIII.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have duly executed this Membership Interest Purchase Agreement on the day and year first above written.

BUYER:

HEALTHCARE PROVIDERS INSURANCE EXCHANGE

By: HPIX, LLC, its Attorney-in-Fact

By: 

Name: Thomas S Gaudiosi

Title: CEO

SELLERS:

WESCOTT HOLDING COMPANY, LLC

By: 

Name: John J. Saroko

Title: President



Thomas S. Gaudiosi

Mark Etter

ACKNOWLEDGED AND AGREED FOR PURPOSES OF SECTIONS 5.14, 5.15 AND 6.1:

DUANE MORRIS, LLP

By: 

Name: John J. Saroko

Title: Chairman

IN WITNESS WHEREOF, the Parties have duly executed this Membership Interest Purchase Agreement on the day and year first above written.

BUYER:

HEALTHCARE PROVIDERS INSURANCE
EXCHANGE

By: HPIX, LLC, its Attorney-in-Fact

By: _____
Name:
Title:

SELLERS:

WESCOTT HOLDING COMPANY, LLC

By: _____
Name:
Title:

Thomas S. Gaudiosi



Mark Etter

ACKNOWLEDGED AND AGREED FOR PURPOSES OF SECTIONS 5.14, 5.15 AND 6.1:

DUANE MORRIS, LLP

By: _____
Name:
Title:

ANNEX A
DEFINITIONS

As used in the Agreement, each of the following terms has the meaning given in this Annex A or in the respective Sections referred to below:

“**409A Plan**” shall have the meaning set forth in Section 2.17(p).

“**412 Plan**” shall have the meaning set forth in Section 2.17(d).

“**2014 Expenditures**” shall mean cash expenditures, net of any income, fees or other revenue received, by the American Entities during calendar year 2014 prior to the Closing Date in the ordinary course of operations of the Business consistent with past practices, excluding payments under Section 5.5, the dollar amount of any distributions or other payments to Sellers (including Permitted Distributions) or repayment of any third party financing by the American Entities; provided, however, that the pension payment contribution of \$170,000 made in December 2013 shall be treated for all purposes as a 2014 Expenditure.

“**2015 Surplus Notes**” shall mean the Surplus Notes due on December 31, 2015.

“**2016 Surplus Notes**” shall mean the Surplus Notes due on December 31, 2016.

“**Acquisition Proposal**” means any inquiry, proposal or offer from any third party relating to, in a single transaction or series of related transactions, any (a) acquisition of assets of any of the American Entities or Buyer; (b) acquisition of beneficial ownership of any capital stock or other securities of any of the American Entities or Buyer; or (c) merger, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving any of the American Entities or Buyer; in each case, other than the transactions contemplated by this Agreement.

“**Affiliate**” shall mean with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such Person specified.

“**Agreement**” shall have the meaning set forth in the introductory paragraph.

“**AHPIS Interests**” shall have the meaning set forth in the Background section.

“**AIF**” shall have the meaning set forth in the Background section.

“**American Entities**” shall have the meaning set forth in Section 2.1(a).

“**American Entities Plans**” shall have the meaning set forth in Section 2.17(b).

“**Annual Financial Statements**” shall have the meaning set forth in Section 2.6(a).

“Annual Statutory Statement” shall have the meaning set forth in Section 2.6(c).

“Available Cash” shall mean the sum of (a) unrestricted cash and cash equivalents of the American Entities as of the Closing Date that are on deposit with banks or in securities accounts with securities intermediaries, or combination thereof, *plus* (b) 2014 Expenditures.

“Balance Sheet” shall have the meaning set forth in Section 2.6(a).

“Board Subscribers” shall have the meaning set forth in Section 1.5(b).

“Building” shall have the meaning set forth in Section 5.15(a).

“Business” shall mean in the case of Buyer, its medical professional liability insurance business and in the case of the American Entities, management services to Buyer, and risk and management services for medical professionals and insurance companies.

“Business Day” shall mean any day other than a Saturday, a Sunday or a day on which banks in Philadelphia, PA are authorized or obligated by applicable Law to close.

“Buyer” shall have the meaning set forth in the introductory paragraph.

“Buyer Company” shall have the meaning set forth in Section 6.3(a).

“Buyer Group” shall have the meaning set forth in Section 8.1(a).

“Buyer Released Parties” shall have the meaning set forth in Section 5.12(a).

“Buyer Representative” shall mean Mark Cooper or such other designee identified in a written notice by Buyer to Sellers.

“Buyer’s Board” shall have the meaning set forth in Section 1.5(b).

“Cash Consideration” shall have the meaning set forth in Section 1.2(a).

“Cash Shortfall” shall have the meaning set forth in Section 1.3(a).

“Cash Surplus” shall have the meaning set forth in Section 1.3(a).

“Cash Target” shall mean \$2,500,000.

“Claim” shall have the meaning set forth in Section 8.2(a).

“Closing” shall have the meaning set forth in Section 7.3.

“Closing Date” shall have the meaning set forth in Section 7.3.

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

“Committee Members” shall have the meaning set forth in Section 3.6.

“**Common Areas**” shall have the meaning set forth in Section 5.15(c).

“**Company**” shall have the meaning set forth in the Background section.

“**Company Closing Date Balance Sheet**” shall have the meaning set forth in Section 1.3(b).

“**Company Confidential Information**” shall have the meaning set forth in Section 6.3(b).

“**Company Employment Agreement**” shall have the meaning set forth in Section 2.18.

“**Company Membership Interests**” shall have the meaning set forth in Section 2.2(a).

“**Company’s Board**” shall have the meaning set forth in Section 1.5(b).

“**Contract**” shall have the meaning set forth in Section 2.9(a).

“**Damages**” shall have the meaning set forth in Section 8.1(a).

“**Environmental Laws**” shall have the meaning set forth in Section 2.13.

“**ERISA**” shall have the meaning set forth in Section 2.17(a).

“**ERISA Affiliates**” shall have the meaning set forth in Section 2.17(a).

“**Estimated Balance Sheet**” shall have the meaning set forth in Section 1.4.

“**Estimated List of Expenditures**” shall have the meaning set forth in Section 1.4.

“**Estimated Shortfall/Surplus Calculation**” shall have the meaning set forth in Section 1.4.

“**Etter**” shall have the meaning set forth in the introductory paragraph.

“**Financial Statements**” shall have the meaning set forth in Section 2.6(a).

“**GAAP**” shall mean United States generally accepted accounting principles.

“**Gaudiosi**” shall have the meaning set forth in the introductory paragraph.

“**Gaudiosi Employment Agreement**” shall mean the Employment Agreement between the Company and Gaudiosi to be delivered at Closing in substantially the form attached hereto as Exhibit B.

“**Governmental Agency**” shall mean any (a) United States federal, state, local, municipal, or other governmental or quasi-governmental authority of any nature (including any governmental agency, instrumentality, branch, department, official or entity and any court or

other tribunal), or (b) United States body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

“**Guaranty Fund**” means any insolvency fund, including any guaranty fund, association, pool, plan or other facility (whether participation therein is voluntary or involuntary) that provides for the assessment of, payment by or assumption by its participants or members of a part or the whole of any claim, debt, charge, fee or other obligation of any insurer or reinsurer, or its respective successors or assigns, that has been declared insolvent by any authority having jurisdiction, or which is otherwise unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

“**Hazardous Substances**” shall have the meaning set forth in Section 2.13.

“**HCP**” shall have the meaning set forth in the Background section.

“**Indebtedness**” shall mean, with respect to the Company, the sum, as of the Closing Date and without giving effect to the transactions contemplated by this Agreement, of all indebtedness for borrowed money (including principal, accrued and unpaid interest, fees due, and any other amounts due).

“**Indemnified Party**” shall have the meaning set forth in Section 8.1(c).

“**Indemnifying Party**” shall have the meaning set forth in Section 8.1(c).

“**Information**” shall have the meaning set forth in Section 5.15(l).

“**Insurance Laws**” shall have the meaning set forth in Section 2.24(b).

“**Insurance Licenses**” shall have the meaning set forth in Section 2.24(b).

“**Insurance Policies**” shall have the meaning set forth in Section 2.25.

“**Insurance Regulatory Authority**” shall have the meaning set forth in Section 2.24(a).

“**Insurance Reports**” shall have the meaning set forth in Section 2.24(a).

“**Intellectual Property**” shall have the meaning set forth in Section 2.12(a).

“**Interim Financials**” shall have the meaning set forth in Section 2.6(a).

“**Investment Assets**” shall have the meaning set forth in Section 2.20(b).

“**IRS**” shall have the meaning set forth in Section 2.14(o).

“**Knowledge**” shall mean with respect to (a) Buyer, the knowledge of each member of the Executive Committee of the MAC if such individual is actually aware of such fact or matter, and (b) Sellers, the knowledge of Thomas S. Gaudiosi, Nicholas S. Gaudiosi, Brian S. Schleider or Charles J. O’Donnell, if (i) such individual is actually aware of such fact or matter, or (ii) such individual would reasonably be expected to become aware of such fact or matter in the ordinary

course of discharging such individual's duties as an officer, director or manager of any of the American Entities in the case of Thomas S. Gaudiosi, Nicholas S. Gaudiosi and Brian S. Schleider, including, without limitation, compliance with the AIF's duties as the Attorney-in-Fact for Buyer under the Management Agreement, and as an officer, director or manager of the sole member of Wescott in the case of Charles J. O'Donnell.

"**Laws**" shall mean any federal, state or local statute, law, ordinance, code, rule, regulation, Order, writ, judgment, injunction or other legally binding obligation imposed by or on behalf of any Governmental Agency.

"**Leased Real Property**" shall have the meaning set forth in Section 2.10.

"**License**" shall have the meaning set forth in Section 5.15(a).

"**Liens**" shall mean debts, claims, security interests, pledges, rights of others, liens, encumbrances, assessments, charges or restrictions of every nature, except for (a) liens for Taxes or governmental charges or claims (i) not yet due and payable, or (ii) being contested in good faith and by appropriate proceeding (with no risk of forfeiture); (b) statutory liens of landlords, mechanics liens and other liens imposed by law incurred in the ordinary course of business for sums (i) not yet due and payable, or (ii) being contested in good faith; (c) easements, rights-of-way, restrictions and other similar non-monetary charges or encumbrances, in each case, that do not interfere with the ordinary conduct of the Business and do not or would not materially detract from the value of the property to which such encumbrance relates; and (d) minor imperfections of title, none of which, individually or in the aggregate, materially detracts from the value of the affected properties, or materially impairs the use of the affected properties in the manner such properties currently are being used or the operations of the Business.

"**List of Expenditures**" shall have the meaning set forth in Section 1.3(b).

"**MAC**" shall have the meaning set forth in Section 3.6.

"**Majority Sellers**" shall mean, at any time prior to Closing, one or more Sellers holding at least a majority of the AHPIS Interests or after Closing, Sellers that held at least a majority of the AHPIS Interests as of Closing.

"**Management Agreement**" shall mean that certain Amended and Restated Attorney-in-Fact Agreement, made as of the 19th day of August, 2008, between Buyer and the AIF.

"**Material Adverse Effect**" shall mean, with respect to any Person, any change or effect, individually or in the aggregate with any other change or effect, that is or would be reasonably expected to be materially adverse to the financial condition, business, operations or results of operations of such Person, taken as a whole; *provided*, that for purposes of determining a Material Adverse Effect on the American Entities, the American Entities shall be taken together and not separately and *provided further*, that no event, circumstance, occurrence, change, effect or fact, or group of any of the foregoing to the extent arising out of or resulting from the following shall be taken into consideration when determining whether a "Material Adverse Effect" has occurred: (a) general economic and market conditions to the extent that Person is not disproportionately affected; (b) any change in Laws and regulations or interpretations thereof to

the extent that the Person is not disproportionately affected; (c) the taking of any action specifically required by this Agreement or taken with the prior written consent of Buyer; (d) the failure to take any action specifically prohibited by this Agreement or not taken with the prior written consent of Buyer; or (e) the announcement or disclosure of the transactions contemplated by this Agreement in accordance with the terms and conditions of this Agreement.

“**Material Contract**” shall have the meaning set forth in Section 2.9(b).

“**Material Filings**” shall have the meaning set forth in Section 5.3(a).

“**Necessary Permits**” shall have the meaning set forth in Section 5.3(a).

“**Non-Cap Claim**” shall have the meaning set forth in Section 8.3(c)(i).

“**Notice**” shall have the meaning set forth in Section 8.2(b).

“**Objection Notice**” shall have the meaning set forth in Section 1.3(b).

“**Office Space**” shall have the meaning set forth in Section 5.15(a).

“**Order**” shall mean any award, decision, directive, charge, injunction, judgment, decree, settlement, order, process, ruling, subpoena or verdict (whether temporary, preliminary or permanent) entered, issued, made or rendered by any arbitrator, Governmental Agency or other tribunal or authority of competent jurisdiction.

“**Organizational Documents**” shall mean, with respect to a particular Person, the certificate or articles of incorporation and bylaws or similar organizational documents, as applicable, of such Person.

“**Party**” or “**Parties**” shall have the meaning set forth in the introductory paragraph.

“**Pennsylvania Department**” shall have the meaning set forth in Section 2.6(c).

“**Permits**” shall have the meaning set forth in Section 2.23.

“**Permitted Distributions**” shall have the meaning set forth in Section 5.1(i).

“**Person**” shall mean any individual, corporation (including any non-profit corporation), general or limited partnership, firm, joint venture, limited liability company, association, joint-stock company, trust, estate, unincorporated organization, Governmental Agency or other entity.

“**Personal Property**” shall have the meaning set forth in Section 2.11.

“**Plan**” or “**Plans**” shall have the meaning set forth in Section 2.17(a).

“**Post Closing Tax Period**” means any Taxable period that begins after the Closing Date and any portion of any Straddle Period that begins and ends after the Closing Date.

“Pre-Closing Tax Period” means any Taxable period or portion thereof ending on or before the Closing Date.

“Preemptive Rights” shall have the meaning set forth in Section 2.2(c).

“Proceeding” means any demand, charge, complaint, action, suit, litigation, dispute, inquiry, proceeding, arbitration, hearing, audit, investigation, examination or claim of any kind (whether civil, criminal, administrative, investigative, informal or other, at law or in equity) commenced, filed, brought, conducted or heard by, against, before or otherwise involving, any Governmental Agency, arbitrator or any other Person.

“Purchase Price” shall have the meaning set forth in Section 1.2.

“Purchase Price Allocation” shall have the meaning set forth in Section 5.8(a).

“Purchase Transaction” shall have the meaning set forth in the Background section.

“Quarterly Statutory Statement” shall have the meaning set forth in Section 2.6(c).

“Real Property Leases” shall have the meaning set forth in Section 2.10.

“Reinsurance Contract” means any reinsurance or retrocession Contract under which the Company may be either obligated to make payments or be eligible to continue to receive benefits, to which the Company is a party (whether as a ceding or assuming company) or by or to which the Company is bound or subject, as each such Contract may have been amended, modified or supplemented.

“Released Claims” shall have the meaning set forth in Section 5.12(b).

“Restricted Business” shall mean medical professional liability insurance and risk and insurance company management services for medical professionals.

“SAP” means, as applicable, the statutory accounting practices prescribed or permitted by the Pennsylvania Department, applied on a consistent basis.

“Seller Group” shall have the meaning set forth in Section 8.1(b).

“Seller Non-Cap Claim” shall have the meaning set forth in Section 8.3(c)(iii).

“Seller Releasing Parties” shall have the meaning set forth in Section 5.12(a).

“Sellers” shall have the meaning set forth in the introductory paragraph.

“Shortfall/Surplus Calculation” shall have the meaning set forth in Section 1.3(b).

“Statutory Statements” shall have the meaning set forth in Section 2.6(c).

“Straddle Period” means any tax period beginning before the Closing Date but ending after the Closing Date.

“**Subscribers**” shall have the meaning set forth in Section 2.20(c).

“**Subsidiary Membership Interests**” shall have the meaning set forth in Section 2.2(b).

“**Supporting Office Services**” shall have the meaning set forth in Section 5.15(d).

“**Surplus Notes**” shall have the meaning set forth in Section 1.2(b).

“**Tax**” and “**Taxes**” shall mean any and all taxes, fees, levies, duties, tariffs, imposts and other charges in the nature thereof (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Agency, including, without limitation: taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, unclaimed property, sales, use, capital stock, payroll, employment, social security, workers’ compensation, unemployment compensation or net worth; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added or gains taxes; license, registration and documentation fees; and customs duties, tariffs and similar charges.

“**Tax Claim**” shall have the meaning set forth in Section 5.10(a).

“**Tax Proceeding**” means any audit, examination, contest, litigation or other proceeding relating to Taxes by or against any Governmental Agency.

“**Tax Return**” shall mean all returns, reports, estimates, declarations, information returns or similar statements required to be filed with respect to any Tax, including any schedule or attachment thereto and including any amendment thereof.

“**Termination Date**” shall have the meaning set forth in Section 9.1(b).

“**Third Party Claim**” shall have the meaning set forth in Section 8.2(b).

“**Threshold Amount**” shall have the meaning set forth in Section 8.3(b)(i).

“**Transaction Documents**” shall mean the agreements, documents, certificates and instruments required to be executed or delivered by Sellers or Buyer pursuant to this Agreement (but excluding this Agreement).

“**Transition Period**” shall have the meaning set forth in Section 5.14.

“**Wescott**” shall have the meaning set forth in introductory paragraph.