

BOENNING & SCATTERGOOD  
ESTABLISHED 1914

July 15, 2016

Mr. Joseph DiMemmo, CPA  
Deputy Insurance Commissioner  
Pennsylvania Insurance Department  
1345 Strawberry Square  
Harrisburg, PA 17120

Dear Mr. DiMemmo:

This letter will serve as an addendum (“*Addendum 1*”) to the engagement agreement (“*Agreement*”) dated November 10, 2015, by which the Insurance Department of the Commonwealth of Pennsylvania (“*Department*”) engages Boenning & Scattergood, Inc. (“*Boenning*”) as financial advisor to the Department to review the proposed reciprocal-to-stock conversions (“*Proposed Conversions*”) of Physicians’ Insurance Program Exchange and Professional Casualty Association (the “*Companies*”). The purpose of this Addendum 1 is to modify and expand the “Services of Boenning” and the “Fees and Expenses” sections of the Agreement.

Unless otherwise stated in this Addendum 1, all terms as defined in the Agreement remain the same. Expansion revisions covered by this Addendum 1 are as follows:

1. **Services of Boenning**

As financial advisor to the Department, Boenning will provide the following additional services as directed by the Department:

1. Summarize the transactions to occur after the Proposed Conversions, based on a review of information provided by the Companies.
2. Summarize the mechanical aspects of how the policyholders become stockholders and then are impacted through the subsequent, but related transactions (“*Transaction*”), indicating how the different components of the sequence of transactions influence the outcome for the subscribers.
3. Review the process by which the Companies determined to pursue the Proposed Conversions and Transaction, including but not limited to interviewing management, board members and advisors, as deemed necessary.

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4. Examine and provide commentary on the measures taken by the Companies to preserve independence and manage potential conflicts of interest among interested parties and the Companies' directors.
5. Understand the alternatives, if any, to the Transaction considered by the Companies in determining to proceed with the Transaction.
6. Review and analyze the financial terms and conditions of the Transaction. Review analysis and the opinion prepared by the Companies' financial and legal advisors and conduct interviews with such advisors to understand the analysis and opinions.
7. Within its written report to the Department, Boenning will summarize its analysis, including a review of the reasonableness of the methodologies and assumptions utilized by the Companies (or their advisors), as well as, the reasonableness of the Companies' (or their advisors') conclusions that the Transaction is fair to the new shareholders who purchase stock in the Proposed Conversions given the factors considered, methods used, and assumptions made.

### ***3. Fees and Expenses***

It is Boenning's understanding that the Companies will be responsible for the payment of Boenning's fees pursuant to 40 Pa.C.S. §3502. As financial advisor to the Department performing the services described in the preceding section, Boenning will receive a fee of \$70,000 payable as follows:

- (i) \$25,000 upon execution of this Amendment; and
- (ii) \$45,000 upon issuance of Boenning's draft report.

In accepting this proposal, it is expressly understood that neither our fees nor payment thereof is contingent upon the conclusions we may reach.

All other terms and conditions in the Agreement remain in force.

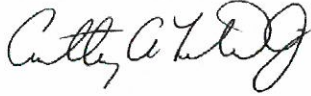
Please indicate your acceptance of the foregoing by executing and returning this letter.

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BOENNING & SCATTERGOOD

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BOENNING & SCATTERGOOD, INC.




By: \_\_\_\_\_

Anthony A. Latini, Jr. CFA  
Managing Director

Accepted by:

PENNSYLVANIA INSURANCE DEPARTMENT

By:  \_\_\_\_\_

Joseph DiMemmo, CPA  
Deputy Insurance Commissioner

7/15/16

Date