



United States Department of the Interior

BUREAU OF OCEAN ENERGY MANAGEMENT

New Orleans Office
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394

In Reply Refer To: Bond No. B06225

August 30, 2023

Petrobras America Inc.
c/o McGriff
10100 Katy Freeway, Suite 400
Houston, TX 77043
Attn: Ashley Koletar

Dear Ms. Koletar:

Your letter dated August 15, 2023, requesting termination of the period of liability and cancellation of Outer Continental Shelf Right-of-Way Grant Bond No. B06225, in the amount of \$300,000, was received by our office on August 16, 2023. This bond, conditioned to cover the principal's pipeline operations in the Gulf of Mexico, was executed on October 3, 1996, with Petrobras America Inc. as principal and Planet Indemnity Company as surety.

The Bureau of Ocean Energy Management has no objection to termination and cancellation of the above bond. Therefore, Bond No. B06225 is considered cancelled without residual liability, effective August 29, 2023, the date of final concurrence with such cancellation.

If you require further assistance, please contact Kathleen Lee at (504) 736-5774 or boemgomrfinancialassurance@boem.gov.

Sincerely,

**BERNADETTE
E THOMAS**

Digitally signed by
BERNADETTE THOMAS
Date: 2023.08.30 08:46:55
-05'00'

Bridgette Duplantis, Section Chief
Leasing and Financial Responsibility Section
Leasing and Plans

cc: Fernando de Carvalho Gama (f.gama@petrobras.com)
Ashley Koletar (akoletar@mcgriff.com)



August 15, 2023

Via email transmission (boemGOMRfinancialassurance@boem.gov)

Bureau of Ocean Energy Management
Gulf of Mexico OCS Office
1201 Elmwood Park Blvd. New Orleans, LA 70123-2394
Leasing & Financial Responsibility - Mail Stop GM 266A

RECEIVED

August 16, 2023

*Leasing & Financial
Responsibility Section*

Re: Cancellation Request
Principal: Petrobras America Inc.
Surety: Planet Indemnity Co
Bond No. B06225
Bond Amount: \$300,000
General ROW Bond

Dear Sir or Madam:

We hereby request termination of the referenced bond inasmuch as Petrobras America Inc. no longer operates in the Gulf of Mexico. Copy of the bond is attached for reference.

As this request is accepted and processed, please provide notification via email to the following parties:

Fernando de Carvalho Gama, Petrobras America Inc., f.gama@petrobras.com
Ashley Koletar, McGriff Insurance Services, Inc.: akoletar@mcgriff.com

Thank you for your consideration, and if you have any questions, please feel free to contact the undersigned at (713) 906-3013 or at the above-stated email address.

Sincerely,

Ashley Koletar

Ashley Koletar

POWER OF ATTORNEY

RLI Insurance Company Contractors Bonding and Insurance Company

9025 N. Lindbergh Dr. Peoria, IL 61615
Phone: 800-645-2402

Know All Men by These Presents:

That this Power of Attorney is not valid or in effect unless attached to the bond which it authorizes executed, but may be detached by the approving officer if desired.

That **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company**, each an Illinois corporation, (separately and together, the "Company") do hereby make, constitute and appoint:

Marc W. Boots, Vickie Lacy, Maria D. Zuniga, Richard Covington, Joseph R. Aulbert, Ashley Koletar, Ryan Varela, Heather Noles,
jointly or severally

in the City of Houston, State of Texas its true and lawful Agent(s) and Attorney(s) in Fact, with full power and authority hereby conferred, to sign, execute, acknowledge and deliver for and on its behalf as Surety, in general, any and all bonds and undertakings in an amount not to exceed Twenty Five Million Dollars (\$25,000,000.00) for any single obligation.

The acknowledgment and execution of such bond by the said Attorney in Fact shall be as binding upon the Company as if such bond had been executed and acknowledged by the regularly elected officers of the Company.

RLI Insurance Company and/or **Contractors Bonding and Insurance Company**, as applicable, have each further certified that the following is a true and exact copy of a Resolution adopted by the Board of Directors of each such corporation, and is now in force, to-wit:

"All bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or Agents who shall have authority to issue bonds, policies or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, the **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company**, as applicable, have caused these presents to be executed by its respective Vice President with its corporate seal affixed this 15th day of July, 2022.



**RLI Insurance Company
Contractors Bonding and Insurance Company**

By: Barton W. Davis
Barton W. Davis Vice President

State of Illinois }
County of Peoria } SS

CERTIFICATE

On this 15th day of July, 2022, before me, a Notary Public, personally appeared Barton W. Davis, who being by me duly sworn, acknowledged that he signed the above Power of Attorney as the aforesaid officer of the **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company** and acknowledged said instrument to be the voluntary act and deed of said corporation.

I, the undersigned officer of **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company**, do hereby certify that the attached Power of Attorney is in full force and effect and is irrevocable; and furthermore, that the Resolution of the Company as set forth in the Power of Attorney, is now in force. In testimony whereof, I have hereunto set my hand and the seal of the **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company** this 3rd day of August, 2023.

By: Catherine D. Glover
Catherine D. Glover Notary Public

**RLI Insurance Company
Contractors Bonding and Insurance Company**

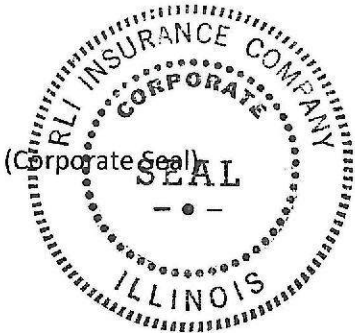
By: Jeffrey D. Fick
Jeffrey D. Fick Corporate Secretary



Secretary Certificate

The undersigned, Christina G. Dean, hereby certifies the following:

1. That I am the duly elected Corporate Secretary of RLI Insurance Company., an Illinois corporation ("Company").
2. I hereby certify that the corporate name of Planet Indemnity Company was changed to RLI Indemnity Company. A true and correct copy of the Amended and Restated Articles of Incorporation of Planet Indemnity Company are attached hereto.
3. I further certify that, RLI Indemnity Company and RLI Insurance Company entered into a Policy and Claims Runoff Services Agreement in which RLI Insurance Company dated November 3, 2015. A true and correct copy of the Policy and Claims Runoff Services Agreement is attached hereto.
4. I further certify that Article 3.01, Services, provides that RLI Insurance Company will perform all services required for the administration of the policies, including surety bonds, on behalf of RLI Indemnity Company.
5. In Witness Whereof, the undersigned has duly executed and delivered this Certificate as of this 18th day of August 2023.



Christina G. Dean

Name: Christina G. Dean

Title: Assistant Corporate Secretary

FILED
PEORIA COUNTY
STATE OF ILLINOIS

03 OCT 16 13 16

Madge E. Horton
RECORDER OF DEEDS

AMENDMENT AND RESTATEMENT TO
ARTICLES OF INCORPORATION
OF
PLANET INDEMNITY COMPANY

The undersigned does hereby adopt the following Amendment and Restatement to the Articles of Incorporation:

29

Article I

The name of the Corporation shall be RLI Indemnity Company.

Article II

This Corporation was originally incorporated on January 31, 1987, under the Business Corporation Act of the State of Texas and was redomesticated under the Insurance Code of the State of Colorado on December 4, 1989. The Corporation reorganized and exists under the Illinois Insurance Code, effective September 20, 1999.

Article III

The address of the Corporation's registered office in the State of Illinois is 9025 North Lindbergh Drive, Peoria, Illinois, Peoria County, Illinois 61615.

Article IV

The period of duration of the Corporation shall be perpetual.

Article V

The object of the Corporation and its purpose is to make contracts of insurance and to reinsure and accept reinsurance for the kinds of insurance as set forth under Clause (a) through (k) in Class 2 and Clause (a) through (h) in Class 3 of Section 4 of the Illinois Insurance Code.

Article VI

(a) The amount of authorized capital of the Corporation shall be Thirty-five Million Seven Hundred Dollars (\$35,700,000.00); the aggregate number of shares of stock which the Corporation shall have authority to issue shall be five million one hundred thousand (5,100,000) shares of common stock with a par value of Seven Dollars (\$7.00) per share; and the number of outstanding common shares is six hundred thousand (600,000) .

(b) No holder of shares of the Corporation of any class, now or hereafter authorized, shall have any preferential or preemptive right to subscribe for, purchase, or receive any shares of the Corporation of any class, now or hereafter authorized, or any options or warrants for such shares, or any rights to subscribe to or purchase such shares, or any securities convertible into or exchangeable for such shares which may at any time be issued, sold or offered for sale by the Corporation.

03-52228

Article VII

The Corporation shall have seven (7) directors on its Board of Directors, each of whom are at least 18 years of age and at least three of whom are residents and citizens of the State of Illinois. Each Director shall hold office until the next annual meeting of Shareholders or until his successor shall have been elected and qualified.

Article VIII

The Board of Directors shall have the power to make and from time to time alter and replace the By-laws of the Corporation

Article IX

At all elections for directors of the Corporation, each holder of stock shall be entitled to as many votes as shall equal the number of votes which such holder would be entitled to cast for the election of directors with respect to such holder's shares, multiplied by the number of directors to be elected. A stockholder may cast all such votes for a single director or may distribute them among two or more directors as the stockholder sees fit. The candidates for director receiving the highest number of votes, up to the number of directors to be elected, shall be elected.

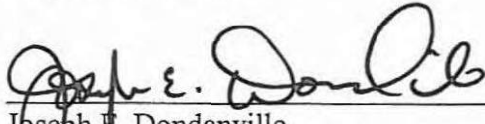
Article X

The Corporation reserves the right to amend, alter, change or repeal any provisions contained in these Articles of Incorporation, in the manner now or hereafter

03-52228

prescribed by law, and all rights conferred herein upon the stockholder are granted subject to this reservation.

IN TESTIMONY WHEREOF, the Sr. Vice President/Chief Financial Officer has hereunto subscribed his name this 15th day of September, 2003.


Joseph E. Dondanville
its Senior Vice President & Chief Financial Officer

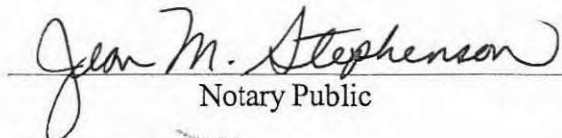
Attest:

Kim J. Hensey, V.P./Corporate Secretary

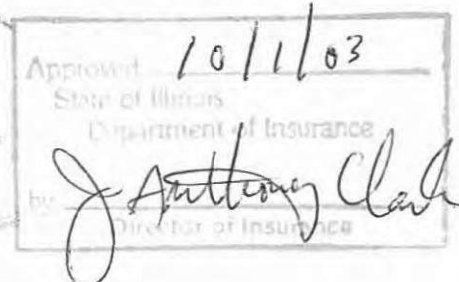
STATE OF ILLINOIS)
) SS.
COUNTY OF PEORIA)

Personally appeared before me, a Notary Public, in and for said County and State, JOSEPH E. DONDANVILLE, Sr. V.P./Chief Financial Officer and KIM J. HENSEY, V.P./Corporate Secretary who are known to me to be the same persons who executed the foregoing instrument in writing, and duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 15th day of September, 2003.


Notary Public

My Commission Expires:
1/19/07

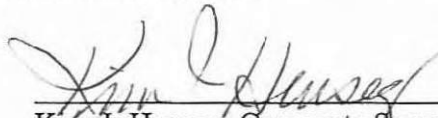


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CERTIFICATE

The undersigned, Kim J. Hensey, does hereby certify that she is the Corporate Secretary and keeper of the records and corporate seal of RLI Indemnity Company f/k/a Planet Indemnity Company, ("Company") an Illinois corporation, and attached is a true and complete copy of the Amended and Restated By-Laws of this Company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the Corporate Seal of said Company this 6th day of October, 2003.



Kim J. Hensey, Corporate Secretary



POLICY AND CLAIMS RUNOFF SERVICES AGREEMENT

BY AND BETWEEN

RLI INDEMNITY COMPANY

AND

RLI INSURANCE COMPANY

Dated

November 3, 2015

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EXHIBIT A -Services

POLICY AND CLAIMS RUNOFF SERVICES AGREEMENT

THIS POLICY AND CLAIMS RUNOFF SERVICES AGREEMENT (this "Agreement") is made effective as of _____, 2015 (the "Effective Date") by and between RLI INDEMNITY COMPANY, an Illinois domiciled property and casualty insurance company (the "Company"), and RLI INSURANCE COMPANY, an Illinois property and casualty insurance company ("RLI").

RECITALS:

WHEREAS, RLI has handled and currently handles all Policy administration and Claims adjustment and administration under the Policies on behalf of the Company pursuant to an inter-company services agreement (as defined below); and

WHEREAS, the Company is being sold by Mt. Hawley Insurance Company ("Mt. Hawley"), a subsidiary of RLI, to Clear Blue Financial Holdings, LLC effective as of the Effective Date, pursuant to that certain Stock Purchase Agreement dated May 27, 2015 (the "Stock Purchase Agreement"), such that the Company and RLI will no longer be affiliated and the inter-company services agreement referred to above will be terminated as of the Effective Date; and

WHEREAS, RLI has reinsured on an indemnity basis one-hundred percent (100%) of the Company's Policy obligations on all Policies written on or prior to the Effective Date, including those Policies in-force as of the Effective Date and any renewals of those Policies that are in-force on the Effective Date, pursuant to an Amended and Restated Intercompany Quota Share Reinsurance Contract between the Company and RLI dated as of the Effective Date (the "Reinsurance Agreement"); and

WHEREAS, the Parties hereto desire that RLI perform all Policy administration and all Claims adjustment and administration services under the Policies on behalf of the Company, in accordance with the terms and subject to the conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and for other good and valuable consideration, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

1.01. Definitions. The following capitalized terms used in this Agreement shall have the meanings set forth below:

"AAA" means the American Arbitration Association.

"Action" means any claim, action, suit, litigation, arbitration or proceeding by or before any Governmental Authority, arbitrator, or arbitral body.

"Affiliate" means, with respect to any specified Person, any other Person that, at the time of determination, directly or indirectly through one or more intermediaries, Controls, is controlled by or is under common Control with such specified Person.

"Agreement" means this Policy and Claims Services Agreement.

"Bankruptcy Law" shall have the meaning set forth in Section 9.02(a).

"Business Day" means any day that is not a Saturday, a Sunday or any other day on which commercial banks in the City of New York, New York, or in the City of Peoria, Illinois are required or authorized by Law to remain closed.

"Claimant" means the person or persons making a claim under a Policy.

"Claims" means a claim for coverage or benefits under a Policy, whether a first party claim or a third party claim.

"Closing" shall have the meaning set forth in the Stock Purchase Agreement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" shall have the meaning set forth in the Preamble; it being understood that, after the Closing, the Company's name will be changed.

"Confidential Information" means all information and documentation which a reasonably prudent person under the circumstances would know to be confidential, including: (a) of a Party that is not generally publicly known or is of a proprietary or confidential nature, including that Party's proprietary business processes, and (b) all such information of third parties that the Party has an obligation to keep confidential, including in each case, Personally Identifiable Information (including, in the case of the Company, the information of all past, present and prospective Policyholders). Confidential Information does not include any information or documentation that was: (i) already in the possession of the receiving entity without an obligation of confidentiality; (ii) developed independently by the receiving entity, as demonstrated by the receiving entity, without violating the disclosing entity's proprietary rights; (iii) obtained from a source other than the disclosing entity without an obligation of confidentiality; or, (iv) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through or on behalf of, the receiving entity).

"Consequential Damages" means any incidental, consequential or indirect damages (including lost profits or savings).

"Control" means (i) the legal, beneficial or equitable ownership, directly or indirectly, of more than 50% of the voting capital stock (or other voting interests) of an entity or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies or operation of an entity through ownership of voting securities, by contract or otherwise.

"Direct Claim" shall have the meaning set forth in Section 10.04.

"Dispute" means any dispute, controversy or claim arising out of or relating to this Agreement or the validity, interpretation, breach or termination thereof.

"Dispute Resolution Process" shall have the meaning set forth in Section 12.01.

"Effective Date" shall have the meaning set forth in the Preamble.

"External Service Providers" means adjusters, investigators, appraisers, defense attorneys and other service providers who are not employees of RLI excluding, in each case, Subcontractors or assignees of RLI.

"Facilities" shall mean collectively the real estate, furniture, fixtures and equipment (including computer hardware, owned or leased by a Party).

"Force Majeure Event" shall have the meaning set forth in Section 9.04.

"Governmental Authority" means any federal, state, provincial or local domestic or foreign governmental, legislative, judicial, administrative, arbitral or regulatory or self-regulatory authority, agency, commission, body, court or entity.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered or issued by or with any Governmental Authority.

"Indemnified Party" shall have the meaning set forth in Section 10.03.

"Indemnifying Party" shall have the meaning set forth in Section 10.03.

"Intellectual Property" means all of the following, whether protected, created or arising under the Law of the United States or any other foreign jurisdiction: (a) patents, patent applications and statutory invention registrations, including reissues, divisions, continuations, continuations in part, renewals, reissues, extensions and reexaminations of any of the foregoing, all patents that may issue on such applications, and all rights therein provided by Law, international treaties or conventions, (b) trademarks, service marks, trade dress, logos, designs, emblems, slogans, signs or insignia, brand identifiers, Internet domain names, other similar designations of source, any and all translations, adaptations, derivations, and combinations thereof, any and all common law rights thereto, and registrations and applications for registration of any of the foregoing (including intent-to-use applications), all rights therein provided by local Law, international treaties or conventions and all reissues, extensions and renewals of any of the foregoing together with the goodwill symbolized by or associated with any of the foregoing, (c) copyrightable works and works of authorship (including software (in any form including source code and executable or object code) and subroutines and including insurance policy forms and surety bond forms), copyrights, whether or not registered, moral rights, rights of attribution and integrity and registrations and applications for registration of any of the foregoing, and all rights therein provided by Law, international treaties or conventions, (d) trade secrets and all other proprietary confidential information, including customer lists, forms and types of financial, business, scientific, technical, economic, or engineering information or know-how, premium rates rating factors and rating manual information and historical claims information and claims patterns information, including algorithms, apparatuses, patterns, plans, compilations, program

devices, formulae, designs, prototypes, methods, techniques, processes, inventions, procedures, programs or codes, (e) databases and datasets, (f) rights of publicity (g) any tangible embodiment of the foregoing and (h) the right to sue for past infringement of any of the foregoing.

"Law" means any federal, state, provincial or local, domestic or foreign law, statute, legislation, code, treaty, convention, ordinance or common law or any rule, regulation, judgment, order, writ, injunction, ruling, decree, agency requirement or other requirement or rule of law of any Governmental Authority.

"Losses" means any and all losses, damages, costs, expenses, liabilities, settlements, settlement payments, assessments, awards, judgments, fines, penalties, obligations, claims and deficiencies of any, kind including in each case reasonable legal and other professional fees and disbursements, including Consequential Damages but excluding only in the case of Direct Claims any exemplary or punitive damages.

"Party" means RLI or the Company, and "Parties" means both RLI and the Company, collectively.

"Person" means any natural person, general or limited partnership, corporation, limited liability company, limited liability partnership, firm, association or organization or other legal entity.

"Personally Identifiable Information" means any information (a) from which an individual may be identified, (b) concerning an individual that would be considered "nonpublic personal information" within the meaning of Title V of the Gramm-Leach-Bliley Act of 1999 and the regulations promulgated thereunder or (c) regarding the Company's or its Affiliates' past, present or prospective customers, including (i) any such customer's name, date of birth, business or home address, e-mail address, computer IP address, telephone number, social security number, passport number or other identification number issued by a Governmental Authority, (ii) the fact that a customer has a relationship with the Company, (iii) any information regarding a customer's policy number, certificate number, bank accounts, securities accounts and other similar accounts, and (v) any other information of or relating to a customer that is protected from disclosure by applicable Privacy Law.

"Policy" or "Policies" shall mean those surety bonds, treaties, policies, binders, slips or other contracts of insurance or assumed reinsurance issued by the Company on or before the Effective Date and in effect on the Effective Date, including any renewal of any such Policies after the Effective Date in accordance with the terms of this Agreement, but shall exclude all other policies and surety bonds or other obligations issued by, renewed or assumed by the Company after the Closing.

"Policyholder" shall mean the named insured or principal under a Policy.

"Privacy Law" means any federal, state, local or foreign Law relating to nonpublic personal information, including, in the United States, Title V of the Gramm-Leach-Bliley Act of 1999 and regulations promulgated thereunder, and similar state insurance privacy laws and regulations.

“Records” shall mean the records and all other data and information (in whatever form maintained, including, for the avoidance of doubt, all historical records) (i) maintained by or transferred to RLI before or during the Term of this Agreement relating to the Policies or any Claims, including administrative records, claim records, policy files, sales records, files and records relating to regulatory and compliance matters, reporting and records relating to the Policies, underwriting records and accounting records, but excluding any tax returns of the Company and work papers relating to any tax returns of the Company, and (ii) any transformation, modification or addition to any of the foregoing pursuant to this Agreement.

“Reinsurance Agreement” shall have the meaning set forth in the Preamble.

“Representative” of a Person means the directors, officers, employees, advisors, agents, stockholders, members, partners, principals, consultants, accountants, attorneys or other representatives of such Person and of such Person’s Affiliates.

“RLI” shall have the meaning set forth in the Preamble.

“SAP” shall mean the statutory accounting principles and practices prescribed or permitted by the insurance regulators of the state of domicile of the Company.

“Subcontractor” shall mean any person to which RLI is authorized to delegate or subcontract its obligations under this Agreement.

“Systems” means computing, telecommunications or other digital operating or processing systems or environments, including, without limitation, computers, computer programs, software (including any source code or executable or object code), computer libraries, data, databases, servers, networks, workstations, routers, hubs, switches, voice or data communication lines and equipment, data centers, test environments, back-up of all the foregoing and all other information technology, whether tangible or intangible, infrastructure, databases and facilities housing any of the foregoing.

“Term” shall have the meaning set forth in Section 2.01.

“Third Party Claim” shall have the meaning set forth in Section 10.03.

ARTICLE II.

TERM

2.01. Term. This Agreement shall be effective as of the Effective Date and shall remain in full force and effect indefinitely until the natural expiry of all liabilities and other obligations under or in connection with the Policies, unless earlier terminated in accordance with Article IX below (the “Term”).

ARTICLE III.

SERVICES

3.01. Services. Beginning on the Effective Date, and during the Term of this Agreement, RLI shall provide or cause to be provided to and on behalf of the Company all services required for the administration of the Policies and the adjustment, resolution and payment of all Claims, including those as set forth in this Article and on Exhibit A hereto (the "Services"). The parties agree and acknowledge that the intent of this Agreement is that the Services will include those services required for the administration of the Policies and the adjustment, resolution and payment of Claims that RLI has provided to the Company, prior to the Effective Date, under an inter-company services agreement.

3.02. Service Standards. RLI shall perform the Services in good faith and with the reasonable skill, care, prudence and diligence of a person experienced in administering property and casualty insurance and surety bond business, and in accordance with the provisions of Section 6.01 of this Agreement. Without limiting the foregoing, RLI shall provide the Services (i) in accordance with the terms of the Policies, (ii) in accordance with Law and applicable insurance regulatory requirements, and (iii) as the Parties may agree in writing from time to time. Subject to the foregoing, RLI will provide the Services with at least the same level of skill, care, prudence and diligence as it has provided services necessary for the administration of the Policies and the adjustment, resolution and payment of all Claims, under an inter-company services agreement, prior to the Effective Date.

3.03. Authority.

(a) The Company hereby appoints RLI as its exclusive provider of Services, during the term, with respect to the Policies, and RLI hereby accepts such appointment. RLI shall perform the Services on behalf of the Company and in the name of the Company as provided in this Agreement or as otherwise agreed to by the Company, such agreement not to be unreasonably withheld or delayed.

(b) The Company shall take such actions as are reasonably necessary to ensure that RLI has the authority to collect and distribute funds on behalf of the Company and take actions on behalf of the Company and in its name, subject to the terms of this Agreement, in order to perform the Services.

(c) The Company shall use commercially reasonable efforts to maintain licenses and certificates of insurance from Governmental Authorities as are necessary for the renewal and continuance of the Policies during the term of this Agreement.

(d) To the extent required by Law, RLI shall give notice to Claimants under Policies of the identity of RLI and the relationship between RLI and the Company.

(e) Notwithstanding any other provision of this Agreement to the contrary, the Company shall have the right to direct RLI to perform any action necessary for the Company to comply with applicable Law with respect to the provision of the Services, or

to cease performing any action that constitutes a violation of applicable Law by the Company with respect to provision of the Services.

ARTICLE IV.

COMPENSATION

4.01. Compensation. RLI shall provide the Services at no charge to the Company, as an integral part of the transactions contemplated under the Stock Purchase Agreement and the Reinsurance Agreement.

ARTICLE V.

PERSONNEL, FACILITIES AND COSTS

5.01. Personnel.

(a) RLI shall furnish or cause to be furnished sufficient trained and competent personnel to provide the Services. To the extent required by Law, RLI will perform criminal background checks on personnel and assign only legally permitted personnel to the Services. The Parties agree that RLI may use RLI's employees outside the United States of America to provide the Services.

(b) The Company acknowledges and agrees that RLI may retain at RLI's sole expense External Service Providers to provide any of the Services. If requested by the Company, RLI will provide to the Company a list or panel of proposed External Services Providers for informational purposes only.

5.02. Facilities. The Services shall be performed by RLI using RLI's Facilities. All Facilities owned by RLI shall remain the property of RLI and the Company acknowledges and agrees that it shall not have any right, title or interest in or to the Facilities.

5.03. Systems. RLI shall furnish or cause to be furnished all Systems that are necessary for RLI to provide the Services, unless otherwise specified in this Agreement.

5.04. Costs. RLI shall pay all personnel and other costs and expenses to provide the Services.

5.05. Delegation. Subject to the applicable confidentiality protections set forth in Article XI, RLI may, at its option and upon notice to but without the consent of the Company, delegate or subcontract any of its obligations under this Agreement to an Affiliate of RLI and, with the prior written consent of the Company (such consent not to be unreasonably withheld or delayed), to any other Person; provided, that no such subcontracting shall relieve RLI from any of its obligations or liabilities hereunder, and RLI shall remain responsible for all obligations or liabilities of such Subcontractor with regards to the providing of such Service or Services as if provided by RLI.

ARTICLE VI.

COMPLIANCE WITH LAW

6.01. Legal Compliance: Mutual Obligations.

(a) Each of the Parties hereto agrees to comply with all Law as they apply to the performance of such Party's obligations under this Agreement.

(b) Each of the Parties further agrees to notify the other Party promptly upon becoming aware of any change in law or other compliance matters which it reasonably believes will affect the Services.

(c) RLI shall maintain all licenses, authorizations, permits and qualifications from Governmental Authorities necessary to perform the Services.

ARTICLE VII.

MAINTENANCE OF RECORDS

7.01. Maintenance. RLI agrees to (a) maintain an appropriate set of the Records, including, without limitation, all such records as may be required by Law, and shall maintain such Records at its principal administrative office or at such other location as may be permitted by Law, and (b) preserve such Records for the Term of this Agreement (or such longer period as may be required by Law). Historical claims information will be maintained for the longer of the period required by Law or for so long as it remains relevant to a pending or threatened legal action that is not time barred. RLI shall maintain such Records as part of the Services and in accordance with RLI's own standards of insurance record keeping and in accordance with all Law.

7.02. Use of Records. RLI shall have the right to use the Records in connection with the provision of Services hereunder and for any other purpose which RLI deems, in its sole discretion, to be useful or appropriate for its own business. Subject to Sections 7.03 and Part V of Exhibit A, the Records and any Intellectual Property contained in the Records shall be the exclusive property of RLI and may not be used by the Company.

7.03. Availability and Access. RLI shall furnish to the Company, its auditors or other designees, and regulatory agencies, copies of any Records relating to the transactions under this Agreement as may be reasonably required by the Company in connection with the preparation of the Company's financial statements, state and federal income and other Tax returns and any other filings or reports required to be filed with, or requested by, state or federal regulatory authorities or any rating agencies, or otherwise required under Law or for any other similar purpose.

7.04. Disaster Recovery. RLI agrees that it shall maintain reasonably prudent back-up business resumption and disaster recovery plans and procedures, including, without limitation, plans for power outages, equipment failures, computer viruses or malicious acts of third parties.

ARTICLE VIII.

POWER OF ATTORNEY

8.01. General. Subject to the terms and conditions of this Agreement, the Company grants to the RLI authority in all matters relating to the administration of the Policies and the Claims to the extent such authority (a) may be granted pursuant to Law and (b) is reasonably necessary for RLI to provide the Services contemplated by this Agreement and to the extent necessary to effectuate the purposes of this Agreement (including, without limitation, to exercise rights under the Policies).

8.02. Appointment. In order to assist and to more fully evidence the authority described in Section 8.01, the Company hereby nominates, constitutes and appoints RLI as its attorney-in-fact solely with respect to the rights, duties, privileges and obligations of RLI under this Agreement, with full power and authority to act in the name, place and stead of the Company with respect to the Claims as provided in this Agreement, including the power (a) to provide all Services in connection with all Policies and all Claims, (b) to collect and remit all premiums due under the Policies, issue all renewal bond or renewal certificate required under the Policies, (c) adjust, settle, and pay all claims, and (d) to take such other and further actions as may be reasonably necessary to effect the transactions contemplated by this Agreement, during the term of this Agreement or until its earlier termination in accordance with Article IX below. The Company will, when and as requested by RLI, execute and provide to RLI written Powers of Attorney (in form and substance reasonably acceptable to the Company) or other documents that are necessary or appropriate to carry out the objectives of this Article VIII.

ARTICLE IX.

TERMINATION

9.01. Term. Unless the Company and RLI expressly agree otherwise, and except as provided in Section 9.02, this Agreement shall remain in full force and effect indefinitely until the natural expiry of all liabilities and other obligations under or in connection with the Policies

9.02. Termination Rights of Company. The Company may terminate this Agreement prior to the Expiration Date, upon written notice to RLI, if:

(a) RLI, pursuant to or within the meaning of Title 11, U.S. Code, or any similar Federal, state or foreign law for the relief of debtors, including, without limitation, any state insolvency or rehabilitation statutes (collectively, "Bankruptcy Law"): commences a voluntary case or proceeding; consents to the entry of an order for relief against it in an involuntary case or proceeding; consents to the appointment of a custodian of it or for all or for a substantial part of its property; makes a general assignment for the benefit of its creditors; or fails to contest any involuntary case or proceeding filed against it within the time period fixed by any applicable rules, and any extensions granted by the court where such involuntary case or proceeding is pending; or

(b) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that remains unstayed and in effect for sixty (60) days and that: is for relief against RLI in an involuntary case or proceeding; appoints a custodian of RLI or a custodian for all or for a substantial part of the property of RLI; or orders the liquidation of RLI.

(c) There is a material breach by RLI of any material term or condition of this Agreement that is not cured by RLI within thirty (30) days after receipt of written notice from the Company of such breach or act;

(d) RLI is unable to perform the services required under this Agreement for a period of thirty (30) consecutive days for any reason; or

(e) Any license required to be held by RLI to provide the Services shall be revoked or RLI shall fail to obtain any such license, and such license is not reinstated or obtained within sixty (60) days.

9.03. Effect of Termination.

(a) In the event that this Agreement is terminated under any of the provisions of Section 9.02, RLI shall select a third-party administrator to perform the services required by this Agreement. The Company shall have the right to consent to any such administrator selected by RLI, such consent not to be unreasonably withheld or delayed. If RLI fails to select an administrator pursuant to this Section 9.03, the Company shall select such an administrator. In either case, RLI shall pay all reasonable fees and charges imposed by the selected administrator and shall bear all transition costs reasonably associated with the transition of the performance of the services required under this Agreement to such administrator, including the expense of providing policyholder and contractholder notices as provided in Section 3.03(b).

(b) In the event that this Agreement is terminated, RLI shall cooperate fully in the transfer of services and the Records (or, where appropriate, copies thereof) to the third-party administrator selected pursuant to Section 9.02(a) so that such third-party administrator will be able to perform the services required under this Agreement without interruption following termination of this Agreement.

9.04. Force Majeure Events.

(a) A Party's obligations shall be suspended during the period and solely to the extent that such Party is prevented or hindered from complying therewith by any event (i) arising from a cause beyond its reasonable control including, without limitation: (A) acts of God; (B) weather, fire or explosion; (C) war, invasion, riot or other civil unrest; (D) embargoes or blockades in effect on or after the Effective Date; (E) national or regional emergency; (F) general strikes or labor stoppages or slowdowns or other industrial disturbances; or (G) general shortage of adequate power or transportation facilities and (ii) that could not have been prevented by the non-performing Party's reasonable precautions or commercially accepted processes, or could not reasonably be circumvented by the non-performing Party through the use of substitute services,

alternate sources, work around plans (including Disaster Recovery Plans) or other means (any event meeting both of the criteria set forth in (i) and (ii), above, is a "Force Majeure Event"). In such event, such Party shall give notice of suspension as soon as reasonably practicable to the other Party stating the date and extent of such suspension and the cause thereof, and such Party shall resume the performance of such obligations as soon as reasonably practicable after the removal of the cause.

(b) Notwithstanding anything set forth in this Agreement, no Party (or any Person acting on its behalf) shall have any liability or responsibility for any interruption, delay or other failure to fulfill an obligation under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of a Force Majeure Event; provided, that such Party (or such Person) shall have exercised commercially reasonable efforts to minimize the effect of a Force Majeure Event on its obligations, including, if applicable, implementing its disaster recovery plans and/or business continuity plans.

ARTICLE X.

INDEMNIFICATION

10.01. Indemnification by RLI. RLI agrees to indemnify and hold harmless the Company and any of its Representatives and Affiliates (and Representatives of such Affiliates) from any and all Losses asserted against them, directly or indirectly, by reason of or arising out of or in connection with any: (i) fraud, theft or embezzlement by RLI or its Representatives; (ii) negligence of RLI or its Representatives, or (iii) breach or nonfulfillment by RLI or a Subcontractor, or any failure by RLI or a Subcontractor, to perform any of the covenants, terms or conditions of, or any duties or obligations under this Agreement.

10.02. Indemnification by the Company. The Company agrees to indemnify and hold harmless RLI and any Representatives and Affiliates (and Representatives of such Affiliates) from any and all Losses asserted against them, directly or indirectly, by reason of or arising out of or in connection with any: (i) fraud, theft or embezzlement by the Company or its Representatives; (ii) negligence of the Company or its Representatives, or (iii) breach or nonfulfillment by Company, or any failure by Company to perform any of the covenants, terms or conditions of, or any duties or obligations under this Agreement.

10.03. Indemnification Procedures.

(a) In order for a Party (the "Indemnified Party") to be entitled to any indemnification provided for under the terms of this Agreement, in respect of, arising out of or involving a claim or demand made by, or an action, proceeding or investigation instituted by, any Person not a party to this Agreement (a "Third Party Claim"), such Indemnified Party must notify the other Party (the "Indemnifying Party") in writing, and in reasonable detail, of the Third Party Claim within ten (10) Business Days after such Indemnified Party learns of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such

failure. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, within five (5) Business Days after the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim.

(b) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party will be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof with counsel selected by the Indemnifying Party. If the Indemnifying Party assumes such defense, the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party. If the Indemnifying Party defends or prosecutes any Third Party Claim, all of the Parties hereto shall cooperate in the defense or prosecution thereof. Such cooperation shall include the retention and (upon the Indemnifying Party's request) the provision to the Indemnifying Party of records and information which are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. If the Indemnifying Party refuses to assume the defense of a Third Party Claim, then the Indemnifying Party shall cooperate in the defense or prosecution thereof. Whether or not the Indemnifying Party shall have assumed the defense of a Third Party Claim, the Indemnifying Party shall have no liability with respect to any compromise or settlement of such claims effected without its written consent (such consent not to be unreasonably withheld); the Indemnifying Party shall not admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld or delayed) unless (A) there is no finding or admission of any violation of law or any violation of the rights of any Person and no effect on any other claims that may be made against the Indemnified Party, or (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party and a full and complete release is provided to the Indemnified Party.

(c) The provisions of this Article X shall survive the termination of this Agreement. The indemnity provided in this Article X, respectively, shall be the sole and exclusive remedy of the Indemnified Party against the Indemnifying Party at law or equity for any matter covered by this Agreement, except for such injunction or other equitable relief specifically provided for herein.

(d) The amount of any damages or other liability for which indemnification is provided under this Agreement shall be (i) increased to take account of any tax cost incurred (grossed up for such increase) by the Indemnified Party arising from the receipt of indemnity payments hereunder and (ii) reduced to take account of any tax benefit realized by the Indemnified Party arising from the incurrence or payment of any such damages or other liability. Such tax cost or tax benefit, as the case may be, shall be computed for any year using the maximum current U.S. federal corporate income tax rate as provided in Section 11 of the Code or a successor section of the Code.

(e) If an Indemnified Party recovers from any third party (including insurers) all or any part of any amount paid to it by an Indemnifying Party, such Indemnified Party

will promptly pay over to the Indemnifying Party the amount so recovered (after deducting therefrom the full amount of the expenses incurred by it in procuring such recovery, including any taxes), but not in excess of any amount previously so paid by the Indemnifying Party. If an Indemnified Party recovers from any third party (including insurers) any amount as to which indemnification may be claimed, such Indemnified Party will have no right to claim indemnification for such amount from the Indemnifying Party.

(f) The Indemnified Party shall prosecute diligently and in good faith any claim for indemnification with any applicable third party (including insurers); provided that the Indemnified Person shall have the right to recover in full from the Indemnifying Party pending collecting any indemnification payment from any such third party.

10.04. Procedures For Direct Claims. In the event any Indemnified Party shall have a claim for indemnity against any Indemnifying Party that does not involve a Third Party Claim (a "Direct Claim"), the Indemnified Party shall promptly deliver notice of such claim to the Indemnifying Party. Such notice referred to in the preceding sentence shall state the relevant facts and include therewith relevant documents and a statement in reasonable detail as to the basis for the indemnification sought. The failure by any Indemnified Party to so notify the Indemnifying Party in a timely manner shall not be deemed a waiver of the Indemnified Party's right to indemnification with respect to any claim made pursuant to this Section 10.04, other than to the extent that such failure actually prejudices the Indemnifying Party.

ARTICLE XI.

CONFIDENTIALITY

11.01. Confidential Information.

(a) Each Party shall, and shall cause other Persons under its control (including Affiliates, Representatives and permitted subcontractors, as applicable), that are providing or receiving services under this Agreement or that otherwise have access to the Confidential Information of the other Party to (i) keep and maintain all Confidential Information in strict confidence, using the same degree of care and diligence it uses with regard to its own confidential and proprietary information; (ii) not disclose to any other Person or use, except for purposes of this Agreement, as applicable, any Confidential Information of the other Party that becomes known or available pursuant to or as a result of the carrying out of the provisions of this Agreement; (iii) not knowingly take any action with respect to the Confidential Information that is inconsistent with its confidential and proprietary nature; and (iv) other than expressly permitted in this Agreement not make use of any Confidential Information for its own purposes or the benefit of any Person other than the Party disclosing the Confidential Information and its Affiliates, Representatives and past, present and potential customers.

(b) Notwithstanding Section 11.01(a) hereof, each Party may disclose (subject to Law) Confidential Information of the other Party: (i) if any such Confidential Information is or becomes generally available to the public other than (A) in the case of

RLI, as a result of disclosure by the Company, or any of its Affiliates or any of their respective Representatives in breach of this Section 11.01 and (B) in the case of the Company, as a result of disclosure by RLI or any of its Affiliates or any of their respective Representatives in breach of this Section 11.01; (ii) if any such Confidential Information is required by Law, Governmental Order or a Governmental Authority to be disclosed, but only if the disclosing Party has provided reasonable notice of the requirement of such disclosure to the other Party to the extent reasonably practicable and not prohibited by Law, (iii) to the extent that any such Confidential Information is reasonably necessary to be disclosed in connection with any Action or in any Dispute (including in response to any summons, subpoena or other legal process or formal or informal investigative demand issued to the disclosing Party in the course of any litigation, investigation or administrative proceeding); provided, that a Party disclosing such Confidential Information will use commercially reasonable efforts to have such Confidential Information submitted under seal or otherwise treated as confidential by the applicable Governmental Authority; or (iv) if any such Confidential Information was or becomes available to such Party on a nonconfidential basis and from a source (other than a Party or any Affiliate or Representative of such Party) that is not bound by a confidentiality agreement with respect to such information.

(c) Each Party shall maintain during the term of this Agreement administrative, technical and physical safeguards and measures in conformity with commercial standards, including a written information security program, designed to ensure the security and confidentiality of Personally Identifiable Information and to protect against the unauthorized access to, disclosure of or use of any Personally Identifiable Information.

(d) Each Party acknowledges that the breach of its obligations under this Section 11.01 may cause irreparable injury and damages, which may be difficult to ascertain. Without regard to Article X, each Party immediately shall be entitled to seek injunctive relief with respect to any breach or threatened breach of this Section 11.01 by the other Party or its Affiliates, Representatives or subcontractors, as applicable, without the requirement of posting a bond. This provision shall not in any way limit such other remedies as may be available to any Party at law or in equity.

ARTICLE XII.

DISPUTE RESOLUTION

12.01. Dispute Resolution Process. The following process shall govern the Parties' resolution of any Disputes (the "Dispute Resolution Process"):

(a) Negotiation Between Services Managers. In the event of any Dispute, the Company and RLI agree that they will negotiate in good faith in an attempt to resolve such Dispute amicably.

(b) If such Dispute has not been resolved to the mutual satisfaction of the Parties within thirty (30) days after the initial notice of the Dispute (or such longer period

as the Parties may agree), then each Party shall escalate to appropriate senior level management who shall negotiate in good faith in an attempt to resolve the Dispute amicably for an additional ten (10) days (or such longer period as the Parties may agree).

(c) Arbitration.

- (i) Any dispute or difference arising out of or relating to this Agreement and the performance of the duties and obligations arising under the Agreement that are not settled by negotiation as provided above shall be settled by arbitration. Subject to any express provisions of this Article, the arbitration will be administered by the AAA in accordance with its Commercial Arbitration Rules.
- (ii) The arbitration panel will consist of two party-appointed arbitrators and an umpire. Arbitration shall be initiated by the delivery of a written notice of demand for arbitration by one party to the other sent by registered mail or its equivalent. Such notice of demand shall set out the reason for the request for arbitration.
- (iii) Each party shall choose an arbitrator and the two so appointed shall then appoint an umpire. If either party refuses or neglects to appoint an arbitrator within thirty (30) days after a request by the other to do so, the other party may appoint both arbitrators. The two arbitrators shall then agree on an impartial umpire within thirty (30) days of their appointment. The arbitrators and umpire shall be active or retired officers of insurance or reinsurance companies and disinterested in the outcome of the arbitration. Umpire candidates shall complete disclosure statements at the request of a party.
- (iv) The arbitration hearings shall be held in New York, New York or another location if mutually agreed. Each party shall submit its case to the arbitration panel within sixty (60) days of the appointment of the umpire or within such longer periods as may be agreed by the parties or directed by the arbitration panel.
- (v) Each party shall pay the fees and expenses of its own arbitrator. The parties shall equally divide the fees and expenses of the umpire and other expenses of the arbitration, unless such fees and expenses are otherwise allocated by the arbitration panel. The arbitration panel is precluded from awarding punitive, treble or exemplary damages, however denominated, provided however that in the event the relief sought by a party includes indemnification for punitive, treble or exemplary damages paid or incurred by that party, such amounts may be included in any award rendered by the panel. The panel shall have the power to award reasonable attorneys' fees to either party, including fees incurred in connection with the arbitration or any litigation commenced to stay or dismiss arbitration.

- (vi) Except as expressly permitted by this Agreement, no Party will commence or voluntarily participate in any court action or proceeding concerning a Dispute, except (x) for enforcement pursuant to the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., (y) to restrict or vacate an arbitral decision based on the grounds specified under Law, or (z) for interim relief as provided in Section 12.02.

(d) Confidentiality; Settlement Offers. The Parties agree that written or oral statements or offers of settlement made in the course of the Dispute Resolution Process set forth in this section:

- (i) will be deemed Confidential Information;
- (ii) will not be offered into evidence, disclosed, or used for any purpose other than the Dispute Resolution Process; and
- (iii) will not constitute an admission or waiver of rights.

12.02. Injunctive Relief. Notwithstanding any other provision to the contrary herein, each Party acknowledges that the breach of certain obligations (including, with respect to Confidential Information) may cause irreparable injury and damages, which may be difficult to ascertain. Without regard to Section 12.01 of this Agreement, each Party immediately shall be entitled to seek injunctive relief with respect to such breaches, including with respect to any breach or threatened breach of the provisions governing Confidential Information or Intellectual Property rights in this Agreement by the other Party, its Affiliates, Representatives or Subcontractors, as applicable, and without the requirement of posting a bond. This provision shall not in any way limit such other remedies as may be available to any Party at law or in equity.

ARTICLE XIII.

REGULATORY APPROVALS

13.01. Regulatory Approvals. The Parties shall cooperate to identify and obtain any and all approvals required to be obtained from, and to make any filings required to be made to, any Governmental Authority in connection with this Agreement and the Services.

ARTICLE XIV.

GENERAL PROVISIONS

14.01. No Agency; Independent Contractors. Nothing in this Agreement shall be deemed in any way or for any purpose to make any Party an agent of another unaffiliated party in the conduct of such other Party's business, other than as provide in Article VIII. The RLI and its Representatives are independent contractors of the Company, and nothing in this Agreement establishes an employment or other relationship between a Party and the directors, officers or employees of the other Party.

14.02. No Exclusivity. Nothing in this Agreement shall be deemed to prevent RLI from providing services similar to the Services to any other Person, including any competitor of the Company.

14.03. Further Assurances. Each Party covenants and agrees that, without any additional consideration, it shall execute and deliver any further legal instruments and perform any acts that are or may become necessary to effectuate this Agreement.

14.04. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the address set forth below (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 14.04). For the avoidance of doubt, emails, including emails that bear an electronic "signature block" identifying the sender, do not constitute signed writings for purposes of this Section 14.04 unless followed by a means of delivery set forth in the first sentence of this Section 14.04.

(a) if to the Company:

Clear Blue Financial Holdings, LLC
252 Ponce de León Avenue
Citibank Tower, 12th Floor
San Juan, PR 00918
Tel No.: (787) 522-2000
Attn: Natalia Ramirez
Email: nramirez@edgelegalpr.com

with concurrent copies to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue, New York, NY 10019
Tel No.: 212 728 8616
Attn: Michael Groll
Email: MGroll@willkie.com

(b) if to RLI:

RLI Insurance Company
9025 North Lindbergh Drive, Peoria, IL 61615-1499
Tel No.: (309) 692-1000
Attn: Don Driscoll, Vice President and Chief Claim Officer
Email: Don.driscoll@rllicorp.com

with concurrent copies to:

RLI Insurance Company
9025 North Lindbergh Drive, Peoria, IL 61615-1499
Tel No.: (309) 692-1000
Attn: Kevin Horwitz, Vice President, Claims
Email: Kevin.horwitz@rlicorp.com

14.05. Severability. If any term or other provision of this Agreement, or the application thereof to any Person or circumstance, is invalid, illegal or incapable of being enforced under Law or as a matter of public policy, all other conditions and provisions of this Agreement, and the application of such provision to other Persons or circumstances, shall nevertheless remain in full force and effect, and the provisions of this Agreement are agreed to be severable, so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

14.06. Entire Agreement. This Agreement, including the Exhibits and Schedules hereto, constitute the entire agreement of the Company, on the one hand, and RLI, on the other hand, with respect to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, both written and oral between or on behalf of the Company, on the one hand, and RLI, on the other hand, with respect to the subject matter hereof.

14.07. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties to this Agreement and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

14.08. Governing Law; Submission to Jurisdiction; Waivers. This Agreement shall be governed by, and construed in accordance with, the Law of the State of New York without giving effect to the conflicts of law principles of such state. For the purposes of Section 12.01(c)(vi), each of the Company and RLI by this Agreement irrevocably and unconditionally: submits for itself and its property in any Action relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the Courts of the State of New York sitting in the County of New York, the court of the United States of America for the Southern District of New York, and appellate courts having jurisdiction of appeals from any of the foregoing, and agrees that all claims in respect of any such Action shall be heard and determined in such New York State court or, to the extent permitted by Law, in such federal court; consents that any such Action may and shall be brought in such courts and waives any objection that it may now or hereafter have to the venue or jurisdiction of any such Action in any such court or that such Action was brought in an inconvenient court and agrees not to plead or claim the same; agrees that service of process in any such Action may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address as provided in Section 14.03; and agrees that nothing

in this Agreement shall affect the right to effect service of process in any other manner permitted by the Law of the State of New York.

14.09. Amendment; Waiver. No provision of this Agreement, including any Schedules hereto, may be amended, supplemented or modified except by a written instrument making specific reference hereto signed by the Parties hereto. No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party of any right, power, remedy or privilege, nor any single or partial exercise of any such right, power, remedy or privilege, preclude any further exercise thereof or the exercise of any other such right, remedy, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have at law or in equity.

14.10. Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, Exhibits and Schedules are references to the Articles, Sections, paragraphs, Exhibits and Schedules to this Agreement unless otherwise specified; (c) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, including the Schedules hereto; (d) references to "\$" shall mean United States dollars; (e) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) references to "written" or "in writing" include in electronic form; (h) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (i) the Company and RLI have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof shall arise favoring or burdening either party by virtue of the authorship of any of the provisions in this Agreement; (j) a reference to any Person includes such Person's successors and permitted assigns; (k) any reference to "days" means calendar days unless Business Days are expressly specified; and (l) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded, if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day. This Agreement shall take precedence over any Schedules hereto, to the extent of any conflict.

14.11. Assignability. This Agreement shall not be assigned by either Party or without the prior written consent of the other Party.

14.12. Waiver of Jury Trial. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BYLAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY. EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH

OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) MAKES THIS WAIVER VOLUNTARILY AND (D) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATION IN THIS SECTION 14.12.

14.13. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties to each such agreement in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart to this Agreement. This Agreement shall become effective when each Party shall have received counterparts thereof signed and delivered (by facsimile or otherwise) by the other Party hereto.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized officers as of the date first set forth above.

RLI INDEMNITY COMPANY

By: D.O.K.
Name: Daniel O. Kennedy
Title: VP & General Counsel

RLI INSURANCE COMPANY

By: D.O.K.
Name: Daniel O. Kennedy
Title: VP & General Counsel

EXHIBIT A

SERVICES

PART I

RENEWALS

Section 1.1 Right to Renew Policies. RLI shall have the right to renew the Policies on behalf of the Company to the extent required by applicable Law, subject to the provision of Sections 1.2 below.

Section 1.2 Issuance of Renewals. RLI shall assume all responsibility with regard to the renewals of Policies, including the following:

- (i) RLI shall (A) provide materials to Policyholders regarding the Policies, (B) set premium rates, (C) issue renewals of Policies.
- (ii) RLI shall prepare and provide to Policyholders all revisions to the Policies that are made due to changes that are required by applicable Law of which RLI elects to make on behalf of the Company to the extent permitted by the terms of the Policies.

PART II

CLAIMS HANDLING

RLI shall assume all responsibility with regard to administration of Claims (including claims outstanding on the Effective Date), including the following:

Section 2.1 Claim Administration Services. RLI shall acknowledge, consider, review, investigate, deny, settle, pay or otherwise dispose of each Claim under each Policy. RLI shall pay from its own funds and using its own check stock, all Claims and associated expenses that are reinsured by RLI pursuant to the Reinsurance Agreement.

Section 2.2 Description of Claim Administration Services. Without limiting the foregoing, RLI shall:

- (i) provide Claimants and their authorized representatives with Claim forms and provide explanatory guidance to Claimants in connection therewith;
- (ii) receive, review, record and examine all notices or reports of Claims and initiate procedures for the proper servicing of each Claim;
- (iii) establish, maintain and organize Claim files;

- (iv) conduct an investigation of each Claim, including identification of any coverage issues arising from the facts or circumstances of the Claim;
- (v) adjust and manage each Claim;
- (vi) prepare and distribute to the appropriate recipients any reports required by applicable Law;
- (vii) comply with all state and federal Laws and regulations applying to claims handling and settlement practices;
- (viii) respond promptly to all written or oral Claims-related communications from Claimants; and
- (ix) maintain a complaint log with respect to the Policies in accordance with applicable requirements of Governmental Authorities and provide a copy of such log, continuously updated through the last day of each calendar quarter during the term of this Agreement, to the Company on or before the twentieth (20th) Business Day of each calendar quarter covering changes during the preceding calendar quarter.

PART III

REGULATORY AND LEGAL PROCEEDINGS

Section 3.1 Regulatory Complaints and Proceedings. RLI shall:

- (i) respond to any Claims payment related complaints or inquiries made by any Governmental Authority, within the Governmental Authority's requested time frame for response or if no such time frame is provided, within the time frame as allowed by applicable Law; and promptly provide a copy of such response to the Company;
- (ii) promptly notify the Company of any non-Claims payment related complaints or inquiries initiated by a Governmental Authority relating to the Policies, and of any proceedings (either Claims or non-Claims related) initiated by a Governmental Authority relating to the Policies, and, in either case, prepare and send to the Governmental Authority, with a copy to the Company, a response within the Governmental Authority's requested time frame for response or if no such time frame is provided, within the time frame as allowed by applicable Law;
- (iii) except as set forth herein, supervise and control the investigation, contest, defense and/or settlement of all complaints, inquiries and proceedings by Governmental Authorities at its own cost and expense, and in the name of the Company when necessary; and

- (iv) at the Company's request, provide to the Company a report in a form mutually agreed by the parties summarizing the nature of any complaints, inquiries or proceedings by Governmental Authorities, the alleged actions or omissions giving rise to such complaints, inquiries or proceedings and copies of any files or other documents that the Company may reasonably request in connection with its review of these matters.

Section 3.2 Legal Proceedings. RLI shall:

- (i) notify the Company promptly of any lawsuit, action, arbitration or other dispute resolution proceedings that are instituted or threatened with respect to any matter relating to the Policies ("Legal Proceeding(s)"), and in no event more than five (5) Business Days after receipt of notice thereof;
- (ii) supervise and control the investigation, contest, defense and/or settlement of all Legal Proceedings, at its own cost and expense as reinsurer of the Company pursuant to the Reinsurance Agreement, and in the name of the Company when necessary; and
- (iii) keep the Company fully informed of the progress of all Legal Proceedings and, at the Company's request, provide to the Company a report summarizing the nature of any Legal Proceedings, the alleged actions or omissions giving rise to such Legal Proceedings and copies of any files or other documents that the Company may reasonably request in connection with its review of these matters.

Section 3.3 Notice to Administrator. The Company shall give prompt notice to RLI of any Legal Proceeding or Claim made or brought against the Company after the Effective Date arising under or in connection with the Policies to the extent known to it and not made against or served on RLI or a Subcontractor, and shall promptly furnish to RLI copies of all pleadings in connection therewith. RLI shall assume the defense of the Company.

Section 3.4 Defense of Regulatory and Legal Proceedings. Notwithstanding anything in this Agreement to the contrary, the Company shall have the right to engage in its own separate legal representation, at its own expense, and to participate fully in the defense of any Legal Proceedings or complaints, inquiries or proceedings by Governmental Authorities with respect to the Policies in which the Company is a named party without waiving any right to indemnification it may have under Article X hereof. RLI and the Company shall cooperate with each other with respect to the administration of any Legal Proceeding and any complaint, inquiry or proceeding by Governmental Authorities. RLI shall not settle or compromise any Legal Proceeding without the Company's prior written consent (which consent shall not be unreasonably withheld or delayed) unless (A) there is no finding or admission of any violation of law or any violation of the contractual rights of any Person and no effect on any other claims that may be made against the Company, or (B) the sole relief provided is monetary damages that are paid in full by RLI and a full and complete release is provided to RLI.

PART IV

BILLINGS AND COLLECTIONS

Section 4.1 RLI shall assume all responsibility for billing and collecting premiums and other amounts payable with respect to the Policies from and after the Effective Date. The Company shall promptly remit to RLI any such amounts received by it with respect to the Policies. RLI shall bear all collection risk with respect to all amounts due with respect to the Policies.

PART V

REGULATORY MATTERS AND REPORTING

Section 5.1 Regulatory Compliance and Reporting. RLI shall provide to the Company such information with respect to the Policies as is required to satisfy all current and future informational reporting and any other requirements imposed by any Governmental Authority. Upon the reasonable request of the Company, RLI shall timely prepare such reports and summaries, including statistical summaries, as are necessary to satisfy any requirements imposed by a Governmental Authority upon the Company with respect to the Policies. In addition, RLI, upon the reasonable request of the Company, shall promptly provide to the Company copies of all existing records relating to the Policies (including, with respect to records maintained in machine readable form, hard copies) that are necessary for the Company to satisfy such requirements. Among other responsibilities:

- (i) RLI shall promptly prepare and furnish to Governmental Authorities all reports and related summaries (including, without limitation, statistical summaries), certificates of compliance and other reports required or requested by a Governmental Authority with respect to the Policies.
- (ii) RLI shall assist the Company and cooperate with the Company in taking such actions as are reasonable and appropriate in connection with any and all market conduct or other Governmental Authority examinations relating to the Policies.

Section 5.2 Reporting and Accounting. RLI shall assume the reporting and accounting obligations set forth below:

- (i) For (i) each calendar quarter ending during the term of this Agreement, and (ii) the most recent calendar quarter ending prior to the Effective Date, RLI shall timely provide to the Company and the Company's designated independent auditors such reports and summaries (and, upon request of the Company, detailed supporting records) related to the Policies as may be reasonably required for use in connection with the preparation of the Company's statutory and GAAP financial statements, tax returns (including premium tax returns) and other financial reports and to comply with the requirements of the regulatory authorities having jurisdiction over the Company. The parties shall cooperate in good faith to establish the

manner for the providing of such reports. RLI shall provide such reports, summaries and records to the Company as soon as practicable but no later than (i) twenty (20) days after the end of each calendar quarter ending during the term of this Agreement and (ii) twenty (20) days after the Effective Date with respect to the most recent quarter ending prior to the Effective Date; provided that if the due date of any such financial statement, tax return, other financial report or regulatory report is within such twenty (20) day period after the Effective Date, such reports, summaries and records shall be provided by RLI to the Company on the Effective Date. All such reports, summaries and records shall be accurate and complete.

- (ii) For (i) any calendar quarter ending prior to the Effective Date for which the a statutory financial statement or premium tax returns with respect to such quarter have not been filed as of the Effective Date, and (ii) any calendar quarter ending within thirty (30) days after the Effective Date, RLI will prepare and provide to the Company a completed draft of such statutory financial statement or premium tax returns, and appropriate supporting information. Any such draft statutory financial statement or premium tax return for the calendar quarter ending within thirty (30) days after the Effective Date shall only include information for the portion of such calendar quarter prior to and including the Effective Date. RLI shall provide such draft statutory financial statement or premium tax return for any such calendar quarter no later than fifteen (15) days before such statutory financial statement and premium tax return is due to be filed by the Company with applicable governmental authorities; provided that if such due date is within the fifteen (15) day period after the Effective Date, such statutory financial statement or premium tax return shall be provided by RLI to the Company on the Effective Date.
- (iii) As soon as practicable but not more than twenty-five (25) days after the end of each calendar quarter that this Agreement is in effect, RLI shall report to the Company the amount of statutory reserves, both gross and net of reinsurance, that the Company is required to maintain in connection with the liability ceded under the Reinsurance Agreement as of the quarter end.
- (iv) RLI shall promptly and timely provide notice to the Company of any changes in the reserve methodology used by RLI in calculating statutory reserves for the Policies.

Section 5.3 Additional Reports and Updates. For so long as this Agreement remains in effect, each party shall periodically furnish to the other such other reports and information as may be reasonably required by such other party for regulatory, tax or similar purposes and reasonably available to it.

PART VI

MISCELLANEOUS ADMINISTRATIVE SERVICES

RLI shall assume the obligations set forth below:

- (i) RLI shall timely pay, from RLI's own funds as reinsurer pursuant to the Reinsurance Agreement, to the Policyholders any refunds of any kind due under the Policies.
- (ii) RLI shall process all policy changes and cancellations in accordance with the terms of this Agreement and the express terms of the Policies and shall assume responsibility for providing all other administrative servicing in connection with the Policies.
- (iii) RLI shall pay commissions due to producers with respect to the Policies.
- (iv) RLI shall have the right to collect all Recoveries (as defined in the Reinsurance Agreement).
- (v) RLI shall provide such other administrative services as are reasonable determined by the parties to be necessary to fully effectuate the purpose of the Reinsurance Agreement and this Agreement or which may arise due to changes or developments in applicable Law or for any other reason.